Appendix E

Physician Participation in Medicaid

Issues in Measuring Physician Participation

A question raised in chapter 3 was whether the current Medicaid payment levels are so low as to seriously jeopardize the availability of physicians willing to serve pregnant women and children covered by Medicaid. If acceptable access is defined as the ability of the Medicaid patient to find a qualified doctor within reasonable time and distance, not necessarily one of the patient's own choosing, participation in Medicaid by all physicians is not necessary. Yet it is difficult to measure the extent to which Medicaid patients are able to find qualified physicians to serve them.

Ideally, Medicaid patients' ability to find a participating physician should be measured directly. In fact, however, most of what is known about physician participation is based on national surveys of physicians, the most recent one conducted in 1984 (5,430,431,489, 593). These surveys generally ask individual physicians two questions: 1) whether they participate in Medicaid, and 2) what share of their total practice is devoted to Medicaid patients.

Both of these questions are inadequate. A positive response on overall participation masks potentially major differences among physicians in their true involvement in the Medicaid program. A physician who has enrolled and obtained a Medicaid provider number but who rarely sees Medicaid patients, for example, may consider himself or herself to be participating, when in fact he or she has virtually no involvement in the program. The circumstances under which the low Medicaid patient load occurs may also affect one's judgment about participation. Suppose the physician will accept all Medicaid patients into his or her practice but is located in an area with so few Medicaid recipients that none are served. Which is the appropriate measure, the physician's willingness to participate or the actual treatment of patients?

The use of practice share as a measure of participation is also troublesome, especially when it is used to show national trends in physician participation. Practice share can be influenced by changes in the number of Medicaid eligibles, the size of the non-Medicaid population, and the number of physicians. As the number of eligibles decreases and the number of physicians increases, one would expect practice shares to decrease even in an environment of full participation. Conversely, as the number of participating physicians decreases, practice shares of those remaining to serve Medicaid patients would be expected to increase,

Another problem in interpreting the data is the frequent reliance on self-reported estimates taken from surveys of physicians rather than on objective data on the physician's actual patient population. Physicians appear to overestimate their participation in Medicaid. One study of pediatricians found that, on average, these physicians reported that they devoted a considerably greater percentage of visits to Medicaid patients than was indicated by actual patient records (i.e., 13,0 percent for self-reports v. 7.7 percent for patient records) (343). In another survey of California physicians conducted in 1974 by the California Medical Association, about 43 percent of physicians indicated that they "probably would" accept a new Medicaid patient, 19.9 percent "might" accept a new patient, 24.6 percent "probably would not, " and 12.4 percent "definitely would not" accept a new Medicaid patient (310). Shortly after the results of that survey were published, the results of a somewhat less scientific poll conducted by the Office of the California State Auditor General' were published (724). These results suggested that only those physicians who said they "probably would" accept a new Medicaid patient probably would.

The fact that physicians tend to greatly overestimate their Medicaid participation suggests that survey data based on physicians' self-reports must be interpreted with a great deal of skepticism.[2] On the other hand, there is no reason to suspect that the upward bias in self-reporting of participation would change over time or systematically vary across specialties or geographic regions. Therefore, time-trend and comparative analysis based on physician surveys provides reasonably valid information on changes or differences in access to care among Medicaid populations.

Evidence on Physician Participation in Medicaid

Recent national surveys of Medicaid participation by physicians in pediatrics, obstetrics/gynecology *(OB/GYN),* and other specialties are summarized in

[1]This survey was based on calls to random physicians from purportedly new Medicaid patients looking for a physician.

[2]For a more detailed discussion of reasons for inaccuracies in self-reported surveys, see "Medicaid Part] cipation by Pediatricians and Obstetricians," prepared for OTA by P. McMenamin (418)

table E-1 (5,430,431,489,593). Since the data in table E-1 are all survey-based, the reported rates of participation and reported practice shares devoted to Medicaid patients are very likely overstated. Adjusting the practice share estimates by the ratio between actual practice share and reported practice share found by Kletke, et al. (343)—i.e., 0,5894—yields a mean practice share of 9.8 percent for pediatricians and 5.9 percent for OB/GYNs in 1984. There is no similar adjustment factor available for the willingness-to-participate measure, so that measure of participation cannot be adjusted.

Information on pediatricians' participation in Medicaid from a 1978 American Academy of Pediatrics survey is presented in table E-2 (127). Pediatricians were asked two questions: 1) whether they were accepting new non-Medicaid patients, and 2) if so, whether they were accepting all new Medicaid patients. Those who answered yes to both questions were considered to be "full participants" in the Medicaid program. Wide differences in these rates were found among the 13 States included in the survey.

Table E-3 summarizes data available from a survey by the Health Care Financing Administration and National Opinion Research Corp. on Medicaid participation of OB/GYNs by region in **1978** and **1984.** That table shows substantial regional variation in rates of reported participation. Furthermore, it indicates a reversal in rankings of the regions between **1978** and 1984. In 1978, the Northeast had the second highest OB/GYN Medicaid participation rate; in 1984, it had the lowest. Data from the **1984** survey by the Health Care Financing Administration and National Opinion Research Corp. also show that rural areas have higher OB/GYN participation rates than urban areas. Whereas 85 percent of OB/GYNs not located in Standard Metropolitan Statistical Areas (SMSAs) reported participating in Medicaid, only **70** percent of OB/GYNs located in SMSAs reported participating.

The data presented in tables E-1 to E-3 allow several observations:

- OB/GYNs lag behind other specialties in Medicaid participation, and pediatrician participation is about average among the specialties.
- OB/GYN participation increased modestly over time between 1978 and 1984.
- Pediatrician participation increased slightly between 1978 and 1984.
- There exists substantial regional variation in Medicaid participation rates of OB/GYNs; this vari-

Table E-1.—Survey-Based Data on Recent Trends in Medicaid Participation, by Physician Specialty

	Percentage of physicians who participate					Percentage of participating physicians' practice share devoted to Medicaid patients			
Specialty	1976a	1978[b]	1983C	1983d	1984e	1976[a]	1978b	1983[d]	1984e
All physicians		76.5			82.8	11.9	9.1		
Pediatrics	73.6	76.9		82	81.5	10.8	14.1	14.7	16.7
Obstetrics/gynecology	60.0	64.4	46		72.2	9.7	8.4		10.0
General practice	71.4	75.1	67		80.4	11.6	13.1		10.6
Family practice			67		86.8				10.6
Internal medicine	66.5	79.8			80.4	7.9	13.2		7.6
Cardiology		68.1			85.5		6.9		6.3
Other medical specialties					84.3				7.1
General surgery	73.9	90.3			87.1	11.5	13.4		11.6
Orthopedic surgery		81.4			88.3		9.8		6.8
Ophthalmology		82.0			87.0		13.2		6,4
Urology		88.9			92.9		3.2		9.1
Other surgical specialties					82.5				6.9
Psychiatry		57.8			60.0		8.0		5.9
Anesthesiology					97.2				9.3
Pathology					91.9				7.9
Radiology					94.2				8.9
Other specialties					84.7				10.0

[a] F A Sloan J Cromwell, and J B M itchell, *Private Physicians and Public* Programs (Lexi n gton, M A D C Heath & Co , 1978) Survey question In the l ast week, what percentage of visits were with Medicaid patients?
[b] J B Mitchell and R Schurman, Access to Private Obstetrics/Gynecology Services Under Medicaid *Medical* **Care** 22(11] 1026-1037, 1984
[C] Alan Guttmacher Institute Physici an Survey 1983, u n publi shed data on physicianparticipationin Medicaid New York, NY, 1983 Survey question In your private practice, do you accept Medicaid reimbursements for deliveries?
[d] J D Perloff, P R Kletke and K M Neckerman, "Trends in Pediatrician Participation in State Medicaid Programs, *Medical* Care 24(8) 749.760, 1986
[e] J Mitchell Health Care Financing Administration/National Opinion Research Corporation Physician Practice Costs and Income Survey 1984.85 '' unpublished data, Center for Health Economics Research Chestnut Hill MA, 1986

SOURCE Off Ice of Technology Assessment 1988

Table E-2.— Percentage of Pediatricians Considered "Full Participants" in Medicaid, by State, 1978

	Percentage of pediatricians considered full participants
Massachusetts	100%
Nebraska	*94*
Colorado	*87*
Georgia	*85*
Oklahoma	*85*
Indiana	*80*
California	*78*
Iowa	*76*
Maryland	*68*
Texas	*61*
New York	*60*
Tennessee	*59*
Pennsylvania	*32*

[a]Full participants were physicians who said that they were accepting new non" Medicaid patients and were also accepting all Medicaid patients.

SOURCE S Davidson, J Perloff, P Kletke, et al, "Medicaid Part icipation: Full and Limited Participants. *Pediatrics* **72552.559** 1983 Reproduced by permission

ation appears to have grown in the 6 years between 1978 and 1984.

- Rural areas have higher OB/GYN participation rates than urban areas.

The modest improvement over time in OB/GYN participation in Medicaid is consistent with recent trends in the supply of physicians in this specialty relative to the demand for their services. Table E-4 shows that both the ratio of OB/GYNs to Medicaid women and to the total number of births in the United States increased between 1978 and 1984. The increasing supply of physicians would, all other things remaining the same, encourage increased participation in Medicaid. In addition, table E-4 shows that the ratio of participating OB/GYNs to Medicaid women has increased dramatically (by 39 percent) in the period 1978 to 1984 (due in part to reductions in the size of the Medicaid population caused by eligibility limitations imposed in the early 1980s).

Trends in physician participation in Medicaid since 1984, while unmeasured, may not have continued in the same direction. Increases in the cost of running a practice discourage physicians from serving a Medicaid population with low fees, In the past 5 years, all physicians, but particularly OB/GYNs, have experienced rapid increases in malpractice insurance premiums. Between 1983 and 1985, the average cost of physician

Table E-3.—Regional Variations in OB/GYN Medicaid Participation Rates, 1978 and 1984

	Percentage of OB/GYNs who participate		Mean percentage of practice share devoted to Medicaid patients	
	1978a	1984b	1978[a]	1984b
Northeast	66.20/o	62.20/o	8.6	7.3
North Central	69.2	82.9	9.6	11.8
South	60.4	71.0	6.2	9.6
West	63.1	81.8	10.9	14.2
Total	64.40/o	72.20/o	8.40/o	10.00/0

[a]Data from J B Mitchell and R Schurman, "Access to Private Obstetrics/Gynecology Services Under Medicaid," *Medical* **Care** 22(11) 1026-1037, 1984
[b]J Mitchell, "Health Care Financing Administration/National Opinion Research Corporation, Physician Practice Costs and Income Survey 1984 -85," unpublished data, Center for Health Economics Research, Chestnut Hill, MA, 1986

SOURCE" Off Ice of Technology Assessment, 1988

Table E-4.–Ratio of OB/GYNs to Female Medicaid Recipients and to Total Number of Births, 1978 and 1984

	OB/GYNs per 1,000 female Medicaid recipients (15-44 yrs)[a]			Participating OB/GYNs per 1,000 female Medicaid recipients (15-44 yrs)[b]			OB/GYNs per 1,000 births in the United States	
	1978	1984	0/0 increase 1978-84	1978	1984	0/0 increase 1978-84	1978	1984
Total United States	4.30	5.30	230/o	2.80	3.90	39%	7.2	7.3
Northeast	4.33	6.59	520/o	2.87	4.10	420/o	10.1	10.1
North Central	4.52	4.53	0%	3.13	3.76	20%	6.0	6.5
South	4.54	5.18	14 "/0	2.74	3.67	34%	6.8	7.0
West	3.88	5.02	290/o	2.44	4.10	680/0	6.9	6.7

[a]Data on ratio of OB/GYNs to female Medicaid recipients from J B Mitchell and R. Schurman, "Access to Private Obstetrics/Gynecology Services Under Medicaid," *Medical* Care 22(11) 1026-1037, 1984; and J Mitchell, "Health Care Financing Administration/National Opinion Research Corporation, Physician Practice Costs and Income Survey: 1984 -85," unpublished data, Center for Health Economics Research, Chestnut Hills, MA, 1986.
[b]Data on ratio of OB/GYNs t. total number of births from American Medical Association, *Physician Characteristics* **and** *Distribution in the U.S.: 1984 Edition* (Chicago, IL 1985), American Medical Association, *Physician Characteristics* **and Distribution** *in the* **U. S.. 1979 Edition** (Chicago, IL 1980), U S. Department of Commerce, Bureau of the Census, *Statistical Abstract* **of** *the* **U S 1986** (Washington, DC 1985); U. S. Department of Commerce, Bureau of the Census, **Statistical** *Abstract of the U.S* **1979** (Washington, DC 1979)

SOURCE Off Ice of Technology Assessment, 1988

malpractice insurance doubled (650). The cost of malpractice insurance premiums for all physicians went from 3 to 4 percent of average gross income between 1982 and 1984; for OB/GYN-s, 'malpractice insurance premiums increased from 5 percent to 8 percent of average gross income during that period, and for pediatricians, they stayed the same at 2 percent (650). Other things being equal, the rapid increase in costs of malpractice insurance unaccompanied by fee increases from Medicaid, should have a deleterious effect on participation. How the opposing forces of increased physician supply and increased practice costs play out in terms of physicians' willingness to serve Medicaid patients today is an empirical question that cannot be answered at present.

Data from California do provide some limited insights into access of Medicaid patients to private pediatric and obstetrical practices in the period 1981 to 1985 (418). The number of pediatricians' practices that actually received Medicaid payments per 1,000 eligible Medicaid children (under 21 years of age) in California remained stable from 1981 to 1985, and the number of OB/GYN practices receiving Medicaid payments per 1,000 eligible women between 15 and 44 years old actually increased slightly in that period (see table E-5). These data suggest that access to care in private practice did not decline markedly in the 1981 to 1985 period, at least in California (418).[3] So, while Medicaid patients' access to private care may be limited, the available evidence to date suggests that it has not deteriorated badly over the past 5 years in the State as a whole, despite deterioration in the relative fees paid by Medicaid and increases in practice costs.

To summarize, the available information on physician participation in Medicaid is limited and largely insufficient to address the question of access. Because of the high interstate and interregional variation in physician participation, it is very likely that some populations of Medicaid recipients are without access to private obstetrical and pediatric services, while others are able to obtain qualified services.

Table E-5.—California Physician Practices Receiving Medicaid Payments per 1,000 Eligibles, 1981-85

	1981	1982	1983	1984	1985
Pediatrician practices per child 20 years or younger	1.15	1.24	1,24	1,20	1,22
OB/GYN practices per eligible female aged 15 to 44	2.73	2,86	2.92	2.71	2.80

SOURCE State of California, Department of Health Care Services, Medical Care statistics Unit, unpublished statistics on physician practices receiving Medicaid payments, Sacramento, CA, 1986

[3] These results are not inconsistent with a reduction in the actual number of participating practices (defined here as practices actually receiving payments from Medicaid in the State during that time period, because the number of eligibles decreased during the period as well In fact, the number of OB GYN participating practices declined from 1,867 to 1,719 from 1981 to 1985, while the number of participating pediatrics practices Increased from 1,469 to 1,633 The greatest part of the decline in participating OB GYN practices in California occurred in just two counties, however (418).