

Testimony before the  
Senate Special Committee on Medicaid Reform  
November 29, 2010

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Good afternoon. My name is James Tierney. I'm vice president of State Legislative Affairs for the Illinois State Medical Society.

The Illinois State Medical Society is pleased to provide comments to the Senate Special Committee on Medicaid Reform.

ISMS believes that the current system should be used as any basis of further reform. We believe that simply switching to an HMO model may not result in additional savings. We believe Illinois should build on the strengths of the current system that has improved both access and continuity of care; preserved beneficiary choice; is supported by Medicaid clients and health care professionals; and has apparently saved the state hundreds of million dollars since being implemented.

The current managed care system, the Primary Care Case Management Program (PCCM) known as Your Healthcare Plus, is working well and has resulted in substantial savings. Savings are estimated at \$80 million for FY 08 and \$140 million for FY 09. Total savings are estimated at \$500 million for the primary care and disease management programs since inception.

The PCCM Program incentivizes providers who meet certain quality assurance goals. Coupled with the PCCM program, the state has also launched a disease management program designed to reduce unnecessary emergency department visits by urging patients to utilize their primary care physician first. The program also provides assistance to non-compliant patients to encourage them to follow physician orders.

Other states which are considering mandatory programs have stalled over problems related to funding levels, network adequacy and how to measure quality of care. Although other states have mandatory capitation programs, these are limited programs compared to the size and scope of the program anticipated in Illinois. Comparison to these other states' programs with respect to outcomes and savings should be viewed cautiously.

As a result of federal health care reform, it is estimated that by 2019 Illinois will expand our Medicaid rolls by roughly 631,000 newly covered persons. While it is good news that more individuals will be covered, we are concerned that even with this coverage they could still lack real access to medical care. While current Medicaid clients are having an easier time finding a primary care physician, finding needed specialty care remains very difficult. A key reason for this is that Medicaid reimbursements do not cover the expense associated with the service that is provided. The Kaiser Foundation ranks Illinois 40<sup>th</sup> in the nation in terms of our Medicaid fee schedule. We understand that the problems with our state budget make it difficult to improve the fee schedule; however, as our financial situation gets better, improving the Medicaid fee schedule should be a top priority. This will be critical because while the number of individuals with insurance will increase in the future, the physician supply will not keep up with demand.

The American Association of Medical Colleges predicts that by 2025, the United States will face a physician shortage of at least 125,000 doctors. Illinois already faces many health workforce challenges. A recent study from Northwestern University found that Illinois is losing half of the physicians who train here. We are one of only three states that experience this phenomenon. Imagine that, half of the new doctors who spend three to seven years living here while learning their profession and developing roots in a community choose to leave once their training is complete. Even young doctors fresh out of school are extremely aware of Illinois' medical lawsuit climate. It drives them away from practicing here. Half of those who leave say our liability climate was a major concern to them. We must change Illinois' health system and lawsuit culture so that we are better able to retain the new doctors who train here.

Some suggest that the solution to doctor shortages is to have lesser-trained health professionals fill the void. Current Illinois law provides appropriate ways for physicians and other professionals to collaborate on patient care, but calls for simply substituting other professionals for physicians is bad policy and in our view is bad for patients.

We know that the foundation for good medical care is established through a medical home model that links patients with primary care physicians. Other substitutes don't work and often lead to fragmented or inadequate care. Our Medicaid primary care case management program is an example of a successful reform of the Medicaid program. It is a successful model and a good example for how a physician-led medical home is good for patient care.

Thank you for inviting ISMS to submit testimony regarding this issue.