Guidehouse
Outwit *Complexity*

New Mexico Legislative Health and Human Services Committee

Provider Reimbursement Interim Report

December 1, 2023

Agenda

1. Study Overview
2. Primary Care Access Considerations
3. Benchmarking for Professional Services
4. Preliminary Analyses
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Study Overview

The New Mexico Legislative Council Service contracted with Guidehouse Inc. to conduct a study of reimbursement for professional services in the state. This study includes the following tasks:

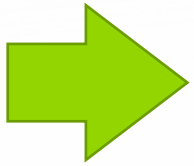
- Comparison of New Mexico's physician reimbursement rates (both Medicaid and commercial managed care) for professional services to neighboring states and general national averages.
- Analysis of rate adequacy for physicians and advanced practice providers, such as physician assistants and nurse practitioners.
- Special focus on primary care and OB/GYN reimbursement.
- Benchmarking and relevant studies related to:
  - Cost benchmarks
  - Inflation indices
  - Studies on provider shortages
  - Urban vs. rural comparisons

Primary Care Access Considerations

New Mexico's population may have different healthcare needs than the general U.S. population.

General Healthcare Assumptions (National):

1. Older individuals (65+) have greater healthcare needs.
2. Medicaid patients historically use fewer healthcare services; but – utilization does not equal need.
3. Rural communities use fewer healthcare services.
4. Wait times (an indicator of access) are longer for Medicaid and Rural patients.
5. Physician supply is not keeping pace with demand.



New Mexico has:

- **An older population:** Currently, 18.5% of New Mexico is over age 65 compared to the U.S. average of 16.6%.[1]
- **More Medicaid eligibles:** 36.4% of New Mexico's population vs. 21.5% for the U.S.[2]
- **More rurality:** Approximately 30% of New Mexico's population live in rural areas vs. 19% nationally.[1]
- **Aging physicians:** 52.3% of Doctors in New Mexico are over age 55 vs. 46.7% in the U.S.[3]

Each of these factors may impact the need for primary care providers in New Mexico. Our final report will quantify the specific impact of these items on future primary care need.

1. US Census Bureau
2. KFF.org
3. AAMC, 2022

Primary Care Access Considerations (cont.)

The purpose of this study is to understand how the demand for Primary Care Physicians across New Mexico compares to current and projected supply.

- Our methodology will consider these factors and project need for primary care into the future.
- In addition, we will engage in “secret shopper” research to determine a wait time for new primary care patients in New Mexico.
- Report will include comparisons to national data as well as previous reports.

Analysis of a variety of factors are critical in supply and demand analysis

Factors	Examples
Local Demographics	– Population and growth – Age and gender – Payer mix
Baseline Metrics	– Historic Use Rates by Payor and Rural classification – Access and Wait times
Provider Workforce	– Physician Age – Capacity – Use of APPs
Additional Factors	– Retail Health – Telemedicine – Other technological innovation

Benchmarking for Professional Services

Guidehouse is exploring the reimbursement characteristics of major healthcare payers for professional services in New Mexico and how they relate to healthcare markets in other states.

- The **major healthcare payers** included in Guidehouse benchmarking are:
  - Private (Commercial) Insurance
  - Medicare
  - Medicaid
  - Other (TRICARE, Self-Pay, etc.)
- **Medicare is the typical measuring stick for evaluating reimbursement**, due to its rate transparency as a public payer and the large population and volume of services covered nationally.
- Among major payers, Guidehouse is analyzing three main points of comparison:
  - **Rate level** for each payer in New Mexico, among state peers, and nationwide.
  - **Relative population covered** for each payer in New Mexico, among state peers, and nationwide.
  - **Service utilization** for each payer in New Mexico, among state peers, and nationwide.
- By examining payer rate levels, Guidehouse can determine **differences in rate adequacy** among each payer compared to similar payers in other states and markets.
- By analyzing the relative population covered by each payer, Guidehouse can evaluate how payments for **costs incurred by some populations are supplemented** by reimbursement from other programs.
- By investigating patterns of service utilization among different payers, Guidehouse can identify indirect **indicators of suppressed demand and/or reduced supply.**

Preliminary Analyses

Guidehouse intends to deliver its final report by January 31, 2024.

- Since increasing Medicaid rates in New Mexico to 120% of Medicare, **Medicaid payments in New Mexico are generally higher** than equivalent services in other states.
  - Important exceptions in obstetrics services.
  - New Mexico Medicaid rates may still not be sufficient to keep providers in-state.
- Although Medicaid rates in New Mexico are higher than other states, Medicaid bears a greater burden in overall professional services reimbursement, compared to other states.
  - On average, Medicaid covers **21.1%** of the population nationwide.
  - New Mexico has the highest proportion of state population under Medicaid, at **34.4%.**
- Higher proportions of patients served under Medicaid **potentially limit the ability of physician practices to supplement revenues** with higher payments from other payers.
- Medicare rates in New Mexico are **slightly lower than average Medicare payments nationwide**.
- Preliminary benchmarking suggests that overall physician revenues from commercial payers are “middle-of-the-road” nationally, but **for key primary care services are not significantly better than Medicaid**.
- High-level scans of the physician workforce in New Mexico suggest that the supply of physician practitioners is typical of other states. However, these **metrics do not take account of adverse access characteristics**, including urban/rural/frontier disparities, age of the provider workforce, or the demographic make-up of the population served.

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Questions?