

RESOLUTION

Subject: Opposing Medicaid Reimbursement Cuts and Safeguarding Independent Physician Practices

Submitted by: Thomas Higgins, MD

Referred to: Reference Committee

WHEREAS, Department for Medicaid Services relies on a robust network of participating physicians to provide high-quality, equitable, and timely healthcare to over one million vulnerable citizens across the Commonwealth of Kentucky; and

WHEREAS, independent physicians and physician-owned private practices serve as vital, cost-effective infrastructure anchors in their local communities, keeping patients out of high-cost institutional settings and emergency departments; and

WHEREAS, independent practices operate on fixed, narrow operating margins and must absorb exponential increases in overhead costs, including clinical staffing retention, medical supplies, mandatory electronic health record systems, and regulatory compliance infrastructure, without the ability to shift costs or rely on hospital-tier facility fees; and

WHEREAS, a four percent (4%) reduction in Medicaid reimbursement rates represents a direct financial penalty on physicians that will disproportionately jeopardize the economic viability of independent medical practices; and

WHEREAS, peer-reviewed economic data confirms that flattening or cutting Medicaid physician fee schedules forces private practices to consolidate into large hospital systems, limit their panel of Medicaid patients, or close their doors entirely, directly triggering severe care deficits and driving up overall state healthcare expenditures through increased low-value utilization; and

WHEREAS, Kentucky is already facing a critical physician workforce shortage, and further compounding the financial strain of Medicaid participation will severely undermine physician recruitment, retention, and access to specialized care across the Commonwealth; now, therefore, be it

RESOLVED, that KMA aggressively oppose any reduction or cut to Medicaid reimbursement rates for physician services, designating the preservation of existing funding lines as a non-negotiable legislative and administrative priority; and be it further

RESOLVED, that KMA advocate for targeted state legislation and regulatory protections that insulate independent, physician-owned practices from flat-rate budget cuts, explicitly recognizing private practices as distinct from heavily subsidized, consolidated institutional health systems; and be it further

RESOLVED, that KMA seek statutory reforms to establish a mandatory minimum floor for Medicaid provider reimbursements, requiring that physician fee schedules be permanently indexed to the Consumer Price Index for Medical Care (CPI-M) to ensure long-term, predictable financial sustainability for practices caring for Kentucky's Medicaid population.