

Medicaid State Directed Payments Close Equity Gap, Improve Safety Net Care

New brief from America's Essential Hospitals explores how essential hospitals use state directed payments to improve health care quality, access, and value

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EINPresswire.com/ -- Essential hospitals are reducing infant and maternal mortality, bolstering access to care in rural communities,

expanding cancer screening, and

improving health care quality and value in other ways using Medicaid payments targeted to safety net providers.



“

State directed payments are a powerful tool to end historical and structural inequities in Medicaid payments to hospitals”

Rob Nelb, MPH

Their stories are [featured in a new brief](#) from [America's Essential Hospitals](#), “Medicaid State Directed Payments: Closing the Payment Equity Gap for Essential Hospitals.” The brief explains how states use directed payments to close gaps in support for the safety net that widened with the rise of Medicaid managed care.

While states may provide supplemental support in fee-for-service Medicaid to under-resourced providers, such as

essential hospitals, they historically have lacked the ability to control how Medicaid managed care organizations (MCOs) pay providers. In 2016, federal regulators began allowing states to direct Medicaid MCOs to close payment equity gaps with state directed payments (SDPs) targeted at the safety net.

“Our experience shows that when Medicaid pays essential hospitals at rates on par with other payers, they can expand access to care and improve outcomes for low-income patients,” says America’s Essential Hospitals Policy Manager Julie Kozminski, MPH, the brief’s author. “This is vitally important now, with most Medicaid beneficiaries in managed care plans.”

States can use various types of SDPs, including minimum fee schedules, which require MCOs to pay no less than the Medicaid fee-for-service rate; uniform rate increases, intended to close the gap between Medicaid and average commercial rates; and value-based payments, which use pay-for-performance goals and other incentives.

The new brief details how essential hospitals in California, Georgia, Kentucky, and Ohio worked with their state Medicaid program to craft initiatives funded by SDPs to expand access to high-quality health care. For example:

-- With SDP funding, Grady Health System, in Atlanta, is tackling maternal mortality, which disproportionately affects people of color. Grady expanded home visits to pregnant patients with hypertension, preeclampsia, and eclampsia and saw significant declines in blood pressure among these patients.

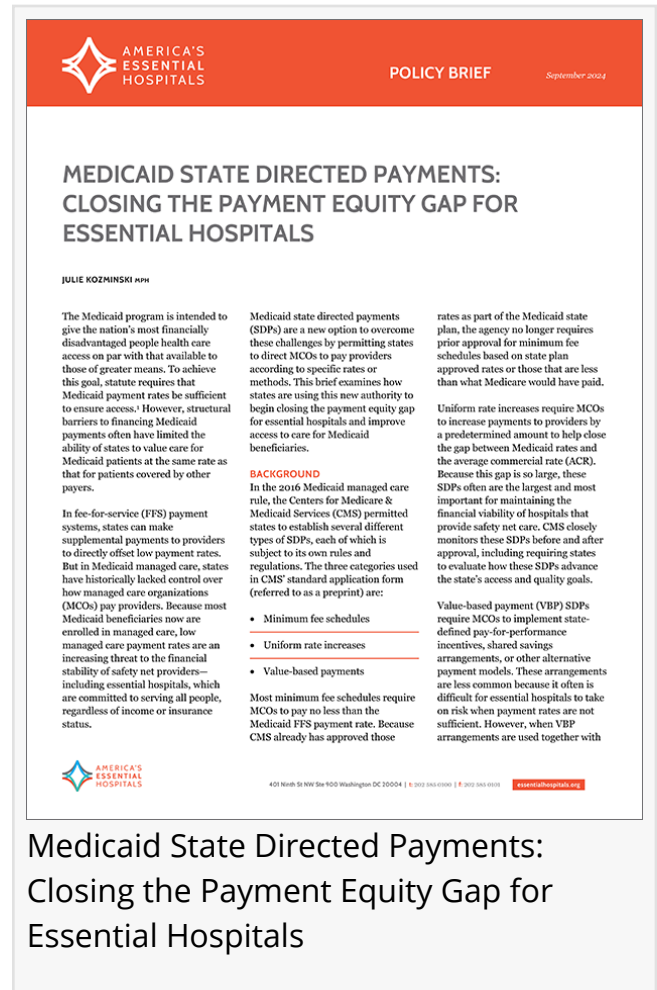
-- University of Kentucky HealthCare, in Lexington, Ky., uses SDPs to combat cancer, heart disease, diabetes, and other conditions. The system transformed its data tools and reporting to achieve double-digit improvements in 12 quality measures—work that earned it an industry award from America’s Essential Hospitals in 2023.

-- In Columbus, Ohio, essential hospital The Ohio State University Wexner Medical Center used SDPs to reduce avoidable psychiatric emergency department visits by 67 percent and preterm births by 35 percent.

-- California has used SDPs to sustain and grow longstanding revenue streams by tying some to quality improvement goals for public hospitals, including to reduce racial and ethnic disparities in diabetes care.

“State directed payments are a powerful tool to end historical and structural inequities in Medicaid payments to hospitals,” says America’s Essential Hospitals Director of Policy Rob Nelb, MPH. “We encourage other states to explore this targeted support and to partner with essential hospitals to ensure the best outcomes for low-income and marginalized patients and communities.”

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Medicaid State Directed Payments: Closing the Payment Equity Gap for Essential Hospitals

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America's Essential Hospitals is the leading association and champion for hospitals dedicated to equitable, high-quality care for all, including those who face social and financial barriers to care. Since 1981, America's Essential Hospitals has advanced policies and programs that promote health, health care access, and equity. We support our more than 300 members with advocacy, policy development, research, education, and leadership development. Communities depend on essential hospitals for care across the continuum, health care workforce training, research, public health and health equity, and other services. Essential hospitals innovate and adapt to lead all of health care toward better outcomes and value. Learn more at essentialhospitals.org.

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