



ARTICLE BRIEF – #3

Exploring the Potential Link Between Medicaid Access Restrictions, Physician Location, and Health Disparities

Headen A, Masia N. *Am J Manag Care*. 2005;11(special issue):SP21-SP26.

Key Points:

- Medicaid is the primary source of funding for medical services for many of the nation's poorest citizens
- Preferred drug lists (PDLs) and other access restrictions promise cost savings on prescription drug spending in Medicaid
- Physicians most affected by Medicaid prescribing regulations practice in neighborhoods disproportionately comprised of racial and ethnic minority residents
- Because physicians affected by Medicaid PDLs often change their prescribing habits for their entire practice, the effects of such lists may reverberate throughout minority communities
- Nationally, minorities are much more likely than whites to be treated in an area where physicians are heavily influenced by Medicaid

Discussion:

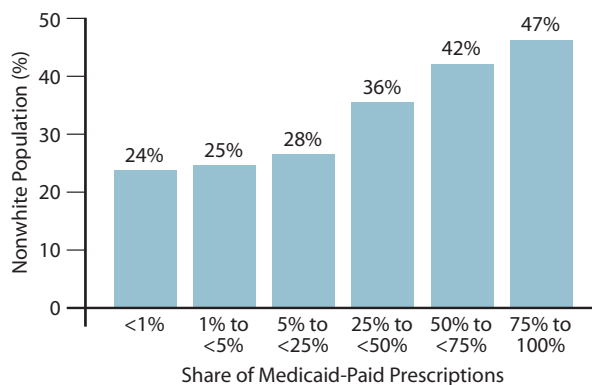
Medicaid is the primary source of funding for medical services for many of the nation's poorest citizens. A disproportionately large percentage of Medicaid recipients are African Americans (25%) and Hispanics (23%), compared with the general US population (12% and 11%, respectively). Without Medicaid's benefits, existing racial and ethnic healthcare disparities would most likely be greater than they are now. Although Medicaid has helped to close the healthcare disparities gap by providing coverage for the poor, states are now adopting access restrictions on certain medications for enrollees. States are adopting such policies to save money in Medicaid and do not generally take racial and ethnic heterogeneity into account when making their coverage lists. In states that have a Medicaid population that is heterogeneous with respect to race and ethnicity, changes in physician prescription writing behaviors based on Medicaid's PDLs may exacerbate rather than reduce healthcare disparities.

A study was conducted to see if physicians who are most affected by Medicaid prescribing regulations practice in neighborhoods that are disproportionately comprised of racial and ethnic minority residents. The study also sought to determine if minority residents are more likely than whites to live in neighborhoods

served primarily by physicians subject to Medicaid regulations. Data was obtained from a pharmacy claims database, which included the ZIP code of the physician's practice as well as the insurance coverage/source of payment information for the prescriptions filled. Racial and ethnic data from the general population 2000 Census were also provided.

Physicians with 75% to 100% of their prescriptions paid for by Medicaid practiced in ZIP codes with nearly 50% nonwhite patients. Physicians with 50% to 75% of their prescriptions paid for by Medicaid practiced in ZIP codes with 42% nonwhite patients. By comparison, physicians with less than 5% of their prescriptions paid for by Medicaid practiced in ZIP codes with only 25% nonwhite patients. The average area has a population that is 29% nonwhite.

Population of Nonwhite Patients vs Share of Medicaid-Paid Prescriptions



When examining the likelihood of a nonwhite individual living in a Medicaid-intense ZIP code, neighborhoods were characterized by the percentage of high Medicaid-share physicians. The authors defined a “Medicaid-intense” ZIP code as one where at least 20% of physicians whose prescriptions were at least 50% paid for by Medicaid (in one version of the analysis) or 25% Medicaid (in a less strict version). Nonwhites were more likely than whites to live in Medicaid-intense ZIP codes under both the stricter definition (24% vs 9%, respectively) and the less strict definition (59% vs 35%, respectively).

The results of this study confirmed that physicians who write a high percentage of Medicaid prescriptions practice in areas that are predominantly nonwhite. Using the less strict definition, nearly 60% of nonwhites live in areas where physicians are likely to be influenced by Medicaid policy decisions. Other research (Virabhak and Shinogle, in the same issue of the *American Journal of Managed Care*) has shown that physicians affected by Medicaid PDLs often change their prescribing habits for their entire practice. Therefore, disparities in healthcare among minorities supported by Medicaid are likely to affect all patients in the practice, further increasing the potential impact of this policy on minorities.