

Impact of Physician QAAP Assessment on Physicians with Varying Percentages of Medicaid Clientele

Physician gross revenue	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
QAAP tax rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Percentage of Medicaid clients	0.0%	1.0%	2.0%	3.0%	3.5%	4.0%	4.5%	5.0%	10.0%	25.0%
Loss from QAAP										
QAAP tax revenue from physician	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Gain from QAAP										
Current revenue from Medicaid	\$0	\$10,000	\$20,000	\$30,000	\$35,000	\$40,000	\$45,000	\$50,000	\$100,000	\$250,000
Additional revenue from Medicaid rate increase	\$0	\$7,620	\$15,239	\$22,859	\$26,669	\$30,478	\$34,288	\$38,098	\$76,196	\$190,490
Net Gain/(Loss) from QAAP assessment	(\$30,000)	(\$22,380)	(\$14,761)	(\$7,141)	(\$3,331)	\$478	\$4,288	\$8,098	\$46,196	\$160,490
Percent change from current gross revenue	-3.0%	-2.2%	-1.5%	-0.7%	-0.3%	0.0%	0.4%	0.8%	4.6%	16.0%
Breakeven Medicaid client percentage	3.94%									

Assumptions

Assumed physician gross revenue	\$1,000,000
Assumed QAAP tax	3.0%
Total gross revenue - all physicians	\$10,000,000,000
Total QAAP revenue	\$300,000,000
Retainer percentage	13.2%
Total state retainer	\$108,548,148
Remaining QAAP for physician rate increase	\$191,451,852
Gross increase - physician payments	\$716,243,366
Percent increase (base = \$940 million)	76.2%
Total federal revenue from QAAP	\$822,334,456
Assumed FMAP	73.27%