

EXHIBIT A – Scope**Scope of Work Statement**

Every subcontract must include a scope of work statement. The following elements are typically included under "scope of work," however these are not all-inclusive:

1. Purpose or objective(s) of the work to be performed;
2. An explanation of the work to be performed inclusive of special personnel, supplies, materials, equipment or travel needed;
3. Timetable or schedule of work to be performed;
4. Specification of how the work's progress or results are to be measured;
5. Identification of deliverables, products or expected outcomes.
6. Explain the intellectual expertise that the SUBAWARDEE will provide to the research project that distinguishes this Work from a bid for services or a purchase order.

Please provide your scope of work statement in the space-below:

Stephen Zuckerman, PhD, will work with Drs. Kaestner and Simon to develop the conceptual model of the effect of Medicaid fees and to specify the empirical models to be estimated. He will have primary responsibility for developing all indices of Medicaid fees required for the analysis.

Genevieve Kenny, PhD, Senior Fellow, will provide advice on modeling the effects of Medicaid fees on ACS admissions, with a primary focus on how changes in Medicaid eligibility, cost sharing and managed care may affect the estimates. In addition, Dr. Kenney will review preliminary results and make suggestions regarding modifications to the analysis that seems appropriate. She is also likely to co-author all papers from this project.

This project, which will include examining both outpatient and inpatient services, will allow us to provide a more complete accounting than is currently available of the mechanisms that do or do not link Medicaid physician fees to health. We will identify the effect of fees on the use of outpatient services and the effects of fees on ACS inpatient admissions. Combining these analyses will allow us to infer the link between greater primary care due to higher fees and ACS conditions. Specifically, we will use data on a sample of non-aged (i.e., non-dual eligible) Medicaid recipients to do the following:

1. Obtain estimates of associations between Medicaid fees for primary care and the use of physician services, laboratory and imaging services, and other outpatient services of Medicaid recipients.
2. Obtain estimates of associations between Medicaid fees for primary care and the probability of admission to the hospital for conditions thought to be amenable to primary care that are often referred to as avoidable or ambulatory care sensitive (ACS) hospitalizations. This will be the first study to examine this question.

This project will fill in the gaps in public health knowledge. We will conduct a comprehensive study of the effect of Medicaid fees on outpatient services and inpatient services, as measured by ambulatory-care sensitive (ACS) conditions. ACS conditions are a particularly relevant outcome because they are measures of health that are tightly linked to receipt of primary care. Examining the association between Medicaid physician fees and ACS admissions is also important for policy because inpatient services represent a potentially important "offset" to higher fees. Indeed, if higher Medicaid physician fees do reduce ACS admissions, then savings from such a reduction has the potential to pay for the fee increase.

The comprehensive nature of this project, which will include examining both outpatient and inpatient services, will allow us to provide a more complete accounting than is currently available of the mechanisms that do or do not link Medicaid physician fees to health. We will identify the effect of fees on the use of outpatient services and the effect of fees on ACS inpatient admissions. Combining these analyses will allow us to infer the link between greater primary care due to higher fees and probability of having ACS conditions.

In sum, we will provide the most current, comprehensive and credible analysis of how changes in Medicaid physician fees affect the use of outpatient and inpatient services. We will provide timely evidence on an important public health issue for which very little evidence currently exists.