

Report to the Office of the Legislative Fiscal Analyst

Medicaid Coverage for Long Acting Reversible Contraceptives (LARCs)

Prepared by the Division of Medicaid and Health Financing

September 1, 2017



EXECUTIVE SUMMARY

This report is submitted in response to the following intent language passed in SB 2 by the 2017 Legislature:

“The Legislature intends that the Department of Health report to the Office of the Legislative Fiscal Analyst by September 1, 2017 on the policies of Medicaid and the ACOs regarding coverage of long acting reversible contraceptives to ensure that covered services are not being denied to women during inpatient stays. Further, if necessary, the report shall identify the required next steps and a proposed timeline to make improvements to coverage of long acting reversible contraceptives.”

Utah Medicaid Policy Regarding Family Planning Services Including Long Acting Reversible Contraceptives

Overview

Family planning services are a covered benefit for Utah Medicaid members. Access to family planning allows members to prevent unintended pregnancies, space pregnancies, and plan their family size. Members are offered family planning services free from coercion or pressure of mind and conscience, and with the freedom to choose the method used for family planning.ⁱ

Utah Medicaid policy defines family planning services as diagnostic, treatment, drugs, supplies, devices, and related counseling in family planning methods to prevent or delay pregnancy. Family planning services are available to individuals of childbearing age, including minors who are sexually active.ⁱⁱ

Beneficiaries enrolled in Medicaid managed care networks may obtain family planning services from the provider of their choice (as long as the provider participates in the Medicaid program) even if they are not considered to be “in-network” providers. This is in accordance with section [1902\(a\)\(23\)\(B\) of the Social Security Act](#).

Family planning services, supplies, contraceptives, and pharmaceuticals are provided without cost sharing.ⁱⁱⁱ

Covered Services

- Medically necessary examinations associated with birth control medications, devices, and instructions for those of childbearing age, including sexually active minors.^{iv}
- Reversible contraception-
 - Prescription contraception
 - Up to a three-month supply per dispensing^v
 - Over the counter contraceptives
 - **Long-acting reversible contraception (LARC) including removal**
 - **Intrauterine devices**
 - **Subdermal contraceptive implants**
 - Emergency contraception (EC) pills
- Sterilization- surgical and non-surgical
 - Consent form required

Limitations ([Utah Medicaid State Plan Attachment 3.1-A](#))

The following services are excluded from coverage as family planning services:

1. Experimental or unproven medical procedures, practices, or medication.
2. Surgical procedures for the reversal of previous elective sterilization, both male and female.
3. In-vitro fertilization.
4. Artificial insemination.
5. Surrogate motherhood, including all services, tests, and related charges.
6. Abortion services, except as covered under [ATTACHMENT 3.1-a, \(Attachment #5a\)](#).
7. Except for item 6 above, the Agency may exceed the limitations on existing covered services to the extent allowed by law, if its medical staff determines:
 - a. that the proposed services are medically appropriate; and
 - b. that the proposed services are more cost effective than alternative service

How Does Utah Medicaid Reimburse for LARC

How LARCs are reimbursed depends on the setting in which the Medicaid member receives this service.

Inpatient Hospital

All Services paid to an urban inpatient hospital are through a bundled payment/DRG (Diagnostic Related Group.) Rural hospitals are reimbursed at 89 percent of billed charges. Utah Administrative Rule R414-2A-6 (4) and (5) clarifies that all drugs and supplies that are administered to a member during a hospital stay reimbursed using a DRG are included in the DRG payment:

“(4) Medical supplies, appliances, drugs, and equipment required for the care and treatment of a client during an inpatient stay are reimbursed as part of payment under the DRG.

(5) Services associated with pregnancy, labor, and vaginal or C-section delivery are reimbursed as inpatient service as part of payment under the DRG, even if the stay is for less than 24 hours.”

Outpatient Hospital

All services are reimbursed based on the Medicare OPPS system.

Provider/Clinic Office

The provider bills the Utah Medicaid or the Utah Medicaid Accountable Care Organization (ACO) directly for the LARC device using a “J” code and a procedure code for performing the service.

Medicaid Accountable Care Organization Policies and Reimbursement Methodologies for Covering LARCs in patient

By contract, Medicaid ACOs must cover at a minimum all state plan covered services. Therefore, all Utah Medicaid ACOs provide the same coverage for family planning services including long acting reversible contraceptives.

ACOs may use reimbursement methodologies that differ from the state; however, Utah ACOs generally follow Utah Medicaid’s reimbursement methodologies. Utah’s Medicaid ACOs report the following with regards to their reimbursement of LARCs during inpatient stays.

Select Health Community Care- Reimburses for inpatient stays using a DRG. The LARC is considered part of the DRG payment

Healthy U- Reimburses for inpatient stays using a DRG. The LARC is considered part of the DRG payment

Molina Healthcare of Utah- Reimburses for inpatient stays using a DRG. The LARC is considered part of the DRG payment

HealthChoice Utah- Reimburses for inpatient stays using a DRG. The LARC is considered part of the DRG payment.

Recommendation

The Department and the ACOs support access to family planning services, including the availability of LARCs. Utah Medicaid covers LARCs and LARCs are included in the program’s bundled payments for inpatient services.

It has been suggested that the use of LARCs immediately after delivery may increase if Utah Medicaid reimbursed for LARCs separately outside of the inpatient bundled

payment. However, making an exception to this significant reimbursement methodology for one service may set a precedent for similar requests in the future. In addition, unbundling the LARC would require changes to at least six claims payment systems – Utah Medicaid’s current and replacement systems as well as the four ACO systems.

The Department recommends that the Utah Legislature strongly encourage hospitals to make long acting reversible contraception available to women immediately after delivery during their inpatient stay. The Department will also continue to educate hospitals regarding current Medicaid policy and administrative rule regarding what is included in inpatient bundled payments.

If the Utah Legislature chooses to remove LARCs from Utah Medicaid’s bundled payments for inpatient hospital, the Department believes Utah Medicaid would experience increased costs and would require additional funding to cover these costs. Should the Utah Legislature support a change and fund any increased costs, the Department will work with the ACOs to implement this change.

ⁱ [Utah State Plan Attachment 3.1\(e\)](#) 2017, June 15 retrieved from URL

ⁱⁱ [Utah State Plan Attachment 3.1-A \(Attachment #4c\)](#) 2017, June 15 retrieved from URL

ⁱⁱⁱ [Utah State Plan Attachment 4.18-A\(D\)](#)(page 3) 2017, June 15 retrieved from URL

[Utah Administrative Code R414-1-28\(1\)\(c\)](#)2017, June 15 retrieved from URL

^{iv} [Utah Medicaid Provider Manual, Physician Manual\(2\)\(2\)\(c\)](#) 2017, June 16 retrieved from URL

^v [Utah Administrative Code R414-60-5 \(9\)\(c\)](#)2017, June 15 retrieved from URL