Social Services Appropriations Subcommittee
Presentation on Medicaid Fee-For-Service (FFS) Reimbursement

August 20, 2019

1. Disclaimer
    a. The reimbursement methodologies being discussed are for FFS only.
    b. ACOs are not required to pay as FFS pays.
    c. High level overview
    d. If more details are desired, the Department recommends that the subcommittee identify a specific rate grouping for a more in-depth review in a future meeting.
2. Base Information
    a. Base claims payments
    b. Supplemental Payments
        i. These are also available in Accountable Care Organizations (ACOs)
        ii. In ACOs, these are now (Calendar Year 18+) called Directed Payments and have specific CMS approval
    c. Upper Payment Limit (UPL)
        i. Up to Medicare for similar services OR sometimes cost-based
        ii. Groupings by Ownership
            1. State
            2. Non-State Government Owned (NSGO)
            3. Private
        iii. Typically UPLs are only for institutional services (not all provider types have a UPL)
3. Inpatient Hospital
    a. Urban – Medicare Severity Diagnosis Related Groups (MS-DRG) (grouper software updated annually)
        i. Base
        ii. Weight
        iii. Outlier Threshold
        iv. Outlier Factor
    b. Rural – 89% of net covered charges
    c. Supplemental Payments (see exhibits)
4. Outpatient Hospital
    a. Outpatient Prospective Payment System (OPPS) – Quarterly updates from the Centers for Medicare and Medicaid Services (CMS)
    b. OPPS used following legislative leadership request to transition from prior methodology and "use the applicable Medicare reimbursement methodology for all hospital outpatient services possible" (letter dated 9/6/2010)
    c. Critical Access Hospital (CAH) – 101% of costs
    d. Supplemental Payments (see exhibits)
        i. State/NSGO UPL
        ii. Private UPL is reliant on Hospital Assessment funding
        iii. TOPS (Transitional Outpatient Payments – 8/1/2000)
5. Physician
    a. Utah Medical Association (UMA)
        i. 2015 General Session – UMA was able to get $2.5 million each of one-time and on-going funding to increase key procedure codes

        ii. Worked with UMA to increase selected codes (ACOs too)
        iii. 2016 General Session – UMA was able to get $1 million on-going funding
        iv. Narrowed the list of codes that were getting the increase (ACOs too)
    b. Annual budget neutral rebase – SFY 20 Percentages of Medicare rates
        i. Obstetrical – 93.81%
        ii. Primary Care (limited code set) – 88.96%
        iii. Other – 75.53%
    c. Enhanced rate for Rural – 112% of base fee schedule
    d. UUMG – Supplemental payments to the Average Commercial Rate
6. Pharmacy – Lessor of…
    a. Utah Estimated Acquisition Cost (equal to Wholesale Acquisition Cost)
    b. Actual Acquisition Cost (NADAC – National Average Drug Acquisition Cost)
    c. Federal Upper Limit
    d. Utah Maximum Allowable Cost
    e. Ingredient Cost Submitted
    f. Dispensing Fees (based on dispensing fee survey)
        i. Urban - $9.99
        ii. Rural - $10.15
7. Dental
    a. Enhanced rate for
        i. Rural – 120%
        ii. Urban – 120% if willing to see 100 patients…
8. Nursing Home
    a. Nursing Facility
        i. Rates
            1. Case Mix
            2. FRV
            3. Flat Rate
        ii. Quality Improvement
            1. I - $1 million
            2. II - $4,275,900
            3. III – Any remaining balance from QII2
        iii. Supplemental payments – NF NSGO UPL (see exhibits)
            1. Non-State Government Owned
            2. Has a contract for seeding payment
    b. ICF/ID
        i. Rates
            1. FRV
            2. Flat Rate
        ii. Supplemental payments
            1. Quality Improvement I - $200,000
            2. Capital Improvement Incentive - ~$2.1 million over two years
9. Ambulance
    a. Emergency ground transports (A0429)
    b. UCA 26-37a – Assessment
    c. Rates increased to match what BEMS has in their Rule (R426-8-2(3)(a))

SFY	Rate	Δ$	Δ%
Pre 2016	$142.72		
2016	$696.00	$553.28	387.7%
2017	$707.00	$ 11.00	1.6%
2018	$746.00	$ 39.00	5.5%
2019	$772.00	$ 26.00	3.5%
2020	$795.00	$ 23.00	3.0%

d. Averages about $1.3 million per month more in payments.

10. Appropriations
    a. If additional monies are appropriated for Medicaid rates, then the Department increases rates as directed by the legislature
    b. Public process for adjusting rates
        i. The Department encourages interested parties to present to Medicaid's advisory committee in June each year if increases are sought
        ii. Advisory committee adopts prioritized recommendations and provides them to the Department
        iii. The Department works with Governor's Office to determine which items will be included in the next budget year's appropriation
        iv. Public can contact legislators to indicate where funding should be increased or repurposed
11. CMS required Access to Care plan
    a. Originally submitted September 30, 2016
    b. Updated plan to be submitted by September 30, 2019

Exhibit 1

FFS Supplemental Payments Summary

Data Date	7/8/2019		
Reimb Amount	**SERVICE SFY**		
SUPPPAYMENTTYPE	**2017**	**2018**	**2019**
ICF/ID QII Payment	$200,000	$200,000	$500,625
NF QII Payment	$5,260,128	$5,275,900	$4,035,489
NF NSGO UPL Payment	$70,555,113	$76,050,699	$75,361,779
State IP UPL	$30,865,878	$25,773,974	$23,004,864
DSH Supplemental Payment	$30,744,147	$28,493,947	$30,871,340
GME Supplemental Payment	$6,117,088	$6,155,043	$6,089,429
Hospital Assessment Payment			
State OP UPL	$6,866,661	$3,442,860	$4,363,592
OP Private Payment		$6,126,918	$9,099,203
TOPS Supplemental Payment	$1,178,687	$1,300,087	
Shaken Baby	$85,818	$89,160	
Pediatric Dental Payment	$684,884	$693,174	$685,337
Primary Care Physician Payment			
UUMG-HealthyU Supplemental Payment			
UUMG	$14,850,532	$14,297,027	$15,711,789
Other	$5,488,000	$13,399,266	$6,183,307
Grand Total	**$172,896,937**	**$181,298,054**	**$175,906,755**

ACO Supplemental Payments Summary*

Data Date	8/7/2019		
Service CY	**2016**	**2017**	**2018**
Hospital Assessment Payment	$152,405,433	$150,178,888	$152,217,571
State IP UPL	$33,940,564	$32,348,940	$63,721,951
State OP UPL	$20,721,697	$20,591,128	$24,169,756
UUMG	$27,085,032	$27,111,381	$32,462,125
Grand Total	**$234,152,726**	**$230,230,337**	**$272,571,403**

*Effective 1/1/2018, these are Directed Payments

ACO Supplemental Payments Target (7/1/2019)*

Description	**ACO Total**
Hospital Assessment Payment	$154,000,000
State IP UPL	$63,154,288
State OP UPL	$30,903,041
UUMG	$26,278,195
Private OP UPL	$27,583,531
Grand Total	**$301,919,055**

*Effective 1/1/2018, these are Directed Payments