



Logistical Considerations for Altering Provider Payment Rates and Methodologies: Physician-Administered Drugs

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This document includes information about necessary considerations regarding potential changes to physician-administered drug provider payment rates and methodologies.

During meetings hosted with the Medicaid Provider Rate Review Advisory Committee (MPRRAC), the Department received stakeholder requests for information regarding the feasibility of changing the way physician-administered drugs are categorized and reimbursed - from a physician service to a pharmaceutical service. Physician services and pharmaceutical services are distinct in the State Plan; federally-approved provider payment methodologies for each differ.¹

In anticipation of MPRRAC questions and recommendations, the Department developed the table below. It includes applicable logistical considerations (columns 1-6), were the Department to pursue changes to the physician-administered drugs methodology. Columns 1-6 are explained further below. For more detailed information about each consideration, see [Establishing Provider Payment Rates and Methodologies: A Short Primer](#). This list is preliminary and is not exhaustive.

Stakeholder Suggested Changes and Alternatives	1	2	3	4	5
Move specific physician-administered drugs to pharmaceutical services and apply pharmaceutical services payment methodology.	x	x		x	x*
Keep physician-administered drugs under physician services and make a one-time adjustment to benchmark (e.g., Average Sales Price).	x	x			
Keep physician-administered drugs under physician services with annual or quarterly adjustment to benchmark.	x	x			x

*Amount of resources needed depends on the number of physician-administered drugs involved in the change.

- Federal Authority:** Does the change require a State Plan Amendment or waiver amendment? Federal approval of amendments usually takes between 3 and 18 months.
- State Spending Authority:** Does the change require a change in funding or more funding? To cover a new service or increase reimbursement for an existing service, the Department must request funding from the state legislature, as well as the authority to spend funds on those services. This process generally takes 15 months.
- State Statutory Authority:** Does the change require a state statutory change? The Department proposes a limited number of bills to the Governor’s Office each year. Members of the General Assembly must sponsor each bill.
- System Changes:** Are system (e.g. claims system, utilization management system, etc.) updates necessary to accommodate the change? The Department must evaluate the feasibility of configuring current systems.
- Staff Resources:** Are additional resources needed for the change? If yes, the Department must request funding via a process similar to #2, above.

¹ The pharmaceutical services payment methodology can be found in the State Plan, Section 4.19-B, p. 48 via: https://www.colorado.gov/pacific/sites/default/files/4_19_B-Methods%20and%20Standards%20for%20Establishing%20Payment%20Rates%20-%20Other%20Types%20of%20Care.pdf.

