

# Medicaid Provider Rate Review Advisory Committee Meeting

**May 18, 2018**

9:00 AM – 2:00 PM

Facilitator – Lila Cummings

Presenter – Randie DeHerrera



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# Agenda

Meeting Minutes Review	9:00–9:05 AM
Rate Setting Methodology 101	9:05–9:40 AM
2018 Analysis Report Introduction	9:40-10:00 AM
2018 Analysis Report Discussion	10:30-11:45 AM
Physical and Occupational Therapy Services	10:00-10:45 AM
Break	10:45-11:00 AM
Evaluation & Management and Primary Care	11:00–11:45 AM
Next Steps	11:45 AM – 12:00 PM



# *Meeting Minutes Review*



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# *Rate Setting Methodology 101*

Presented by Randie DeHerrera



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# *Rate Setting Methodology 101*

The Department's Rate Operations Section, in certain situations, uses a rate setting methodology to build rates for HCPCS and CPT codes.

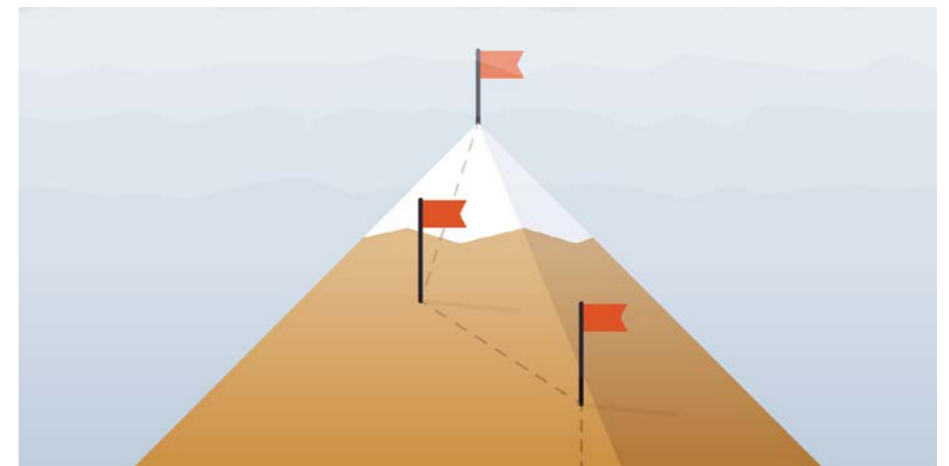
Rate Operations Section staff work with internal staff to compile information for codes. Staff also incorporate feedback received from stakeholders through different processes, including MPRRAC meetings, surveys, and other meetings with providers.



# *Rate Setting Methodology 101 - Goals*

The Department has two primary objectives in developing rate setting methodologies and building rates:

1. To reimburse appropriately for Medicaid services using a standardized rate methodology that incorporates all necessary inputs.
2. To ensure expenditures for Medicaid services do not exceed appropriated funds.



# *Rate Setting Methodology 101 – Goal 1: Appropriate Reimbursement*

The Department utilizes a standardized rate methodology that incorporates the inputs necessary to provide services. A standardized rate methodology:

- ensures appropriate reimbursement for services;
- establishes consistency across services; and
- increases transparency by making inputs to rates available.



# *Rate Setting Methodology 101 – Goal 2: Appropriations*

- While the Department aims to reimburse appropriately for services we must also ensure reimbursement for services does not exceed the funding appropriated by the Colorado legislature.
- To ensure reimbursement does not exceed total appropriations a budget neutrality factor may be applied to the rate.





# *Rate Setting Methodology 101 – Input Components*

The Department has a standardized rate setting methodology that includes the following categories, each with multiple inputs:

1. Salary Expectations
2. Facility Overhead Expectation
3. Administrative Overhead and  
and Capital Expectation



# *Rate Setting Methodology 101 – Inputs: Salary Expectations*

Research and information solicited from providers allow the Department to determine:

1. the required number of salaried positions
2. indirect and direct care hours

Wages are compiled from the Bureau of Labor Statistics and represent the Colorado mean wage for each position.



# *Rate Setting Methodology 101 – Inputs: Facility Overhead Expectation*

The Department incorporates the following inputs in the Facility Overhead Component of each rate:

1. property expenses (lease and own)
2. maintenance for property
3. utilities (gas and electric)
4. phone and internet
5. miscellaneous



# *Rate Setting Methodology 101 – Inputs: Administrative Overhead and Capital Expectations*

The Department incorporates the following inputs in the Administrative Overhead Component of each rate:

1. Annual Software Upgrades
2. Office Supplies

Capital expenses are amortized across the expected life of the supply.



# *Rate Setting Methodology 101 – Bringing Components Together*

The salary expectations are calculated per unit for each code.

The facility, administrative, and capital expectations are calculated as an annual/monthly expense and reduced to a per employee cost and multiplied by the required total full-time employees (FTE) per unit.

Example	
Component	Per Unit
Salary Expectations	\$17.81
Facility Expectations	\$10.37
Administrative Expectations	\$0.12
Capital Expectations	\$0.03
Final Determined Rate	\$28.34



# *Rate Setting Methodology 101 – Finalizing the Rate*

After the rate has been built, Rate Operations Section staff conduct additional work to ensure the rate is appropriate and incorporates the correct inputs. Additional work includes:

1. Performing a comparability analysis across all other states offering similar or identical services.
2. Compiling and verifying written documentation of rate development, including citing sources used to develop the rate.



# *Rate Setting Methodology 101 – Soliciting Feedback*

In certain cases, the Department will provide information regarding the inputs by code. Stakeholders can provide feedback regarding those inputs. Information is found on the Department's [Provider Rates & Fee Schedule website](#).

After stakeholder feedback is validated, the Department may initiate the process to adjust a rate. Adjustments are subject to considerations, such as budgetary constraints.



# *2018 Medicaid Provider Rate Review Analysis Report - Introduction*



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# *Summer 2018 MPRRAC Meeting Plans*

**Today's discussion** will focus on the following service groupings:

- physical and occupational therapy services
- evaluation & management and primary care services
- radiology services

The **July 20, 2018 MPRRAC meeting** will focus on the remaining service groupings:

- maternity services
- surgeries
- other physician services
- dental services

Committee recommendations will be finalized during the **September 21, 2018 MPRRAC meeting**.



# *Today's Discussion*

For the services discussed today:

- The Department will share its preliminary recommendations.
- Committee members and Department staff will review and discuss the results of the [2018 Medicaid Provider Rate Review Analysis Report](#) (2018 Analysis Report).
- Stakeholders can provide general feedback and feedback specific to the 2018 Analysis Report. The Department can also answer stakeholder questions regarding the 2018 Analysis Report.
- Committee members will develop their preliminary recommendations.



# *2018 Medicaid Provider Rate Review Analysis Report - Discussion*



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# *Physical and Occupational Therapy Services*

From the 2018 Analysis Report (pp.15-17):

- Analyses suggest that physical and occupational therapy service payments at 82.58% of the benchmark were sufficient to allow for client access and provider retention.
- The Department plans to conduct additional research in region 10 (Delta, Gunnison, Hinsdale, Montrose, Ouray, and San Miguel Counties).
- The Department received committee member and stakeholder feedback that access issues may exist for specific physical therapy codes (97161, 97162, 97163, 97164).



# *Evaluation & Management and Primary Care Services*

From the 2018 Analysis Report (pp.9-12):

- Analyses suggest that physical and occupational therapy service payments at 85.09% of the benchmark were sufficient to allow for client access and provider retention.
- The Department plans to conduct additional research related to primary care.



# *Next Steps*



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# *Comments or Questions*

- Contact Lila Cummings with additional questions between meetings: [Lila.Cummings@state.co.us](mailto:Lila.Cummings@state.co.us).

