

Health Care Policy & Financing

SB15-228: Rate Review Schedule

September 2, 2015

Jeremy Tipton



COLORADO

Department of Health Care
Policy & Financing

Agenda

Background

Rate Setting vs. the Rate Review Process

Proposed Five Year Schedule

Proposed Rates to be Excluded



COLORADO

Department of Health Care
Policy & Financing

Background



COLORADO

Department of Health Care
Policy & Financing

Background

- The Department oversees and operates Colorado Medicaid, Child Health Plan *Plus* (CHP+), and other public health care programs for the state of Colorado
- CRS 25.5-4-401.5 requires the Department to create a Rate Review Process and schedule to ensure an analysis of each Medicaid provider rates at least every five years, and include:
 - An analysis of access, service, quality, and utilization of each service subject to review
 - A comparison of Medicaid rates against Medicare, usual and customary rates paid by private pay parties, and other benchmarks
- Designed to ensure payments are sufficient to allow for provider retention, client access, and to support appropriate reimbursement of high value services



COLORADO

Department of Health Care
Policy & Financing

Background

- The Rate Review Process will be completed in four phases:
 1. Develop a five-year schedule of rates to review
 2. Conduct analyses of and rate comparisons for rates under review that year
 3. Develop strategies for responding to the analyses results
 4. Provide annual recommendations on all rates reviewed
- A *review* of rates does not mean a change to rates
- Any proposed rate changes are subject to the Department's regular budget process
- Out of cycle changes would impact the proposed schedule



COLORADO

Department of Health Care
Policy & Financing

Background

- The Department's submission of the proposed five-year schedule includes three sections:
 - A. The Department's Rate Setting Work and Provider Rate Reviews
 - B. Rate Review Schedule
 - C. Proposed Excluded Rates
- To develop the schedule, the Department used the categories and sub-categories used to group Medicaid services for claims adjudication:
 - Category of service
 - Sub-category of service
- The Department then identified which of these should be included or excluded in the Rate Review Process, and prioritized the included categories of service



COLORADO

Department of Health Care
Policy & Financing

Rate Setting and the Rate Review Process



COLORADO

Department of Health Care
Policy & Financing

Rate Setting and Rate Reviews

- Although they are related, it is important to distinguish the difference between the Department's ongoing rate setting work and the new Rate Review Process
- The Department's rate setting work focuses on a narrow and specific set of rates or services. Some examples of ongoing rate setting and rate maintenance include:
 - Update and maintenance of provider and health plan rates
 - The addition, re-designation, or deletion of procedure codes for an existing set of services
 - Rates that need to be adjusted as a result of budgetary appropriations
- In contrast, the Rate Review Process will provide a full analysis of access and utilization for a broader set of rates and services



COLORADO

Department of Health Care
Policy & Financing

Five Year Rate Review Schedule



COLORADO

Department of Health Care
Policy & Financing

Five Year Schedule

Year One (December 2015 – May 2016)

Service Type	No. of Codes	No. of Rates
County and Brokered Non-Emergent Transportation	17	17
Emergency Transportation	12	12
Private Duty Nursing	5	5
Home Health	22	10
Pathology and Laboratory	1,515	1,515
Physician Administered Drugs (J Codes)	743	743
Total	2,314	2,302

The focus for Year 1 is on service types in programs that are clearly defined, where policies for the codes have been static, where rates and their methodologies are known, and procedure codes are easily comparable to other benchmarks



COLORADO

Department of Health Care
Policy & Financing

Five Year Schedule

Determining the schedule for years 2 - 5 involved several elements including:

1. The ability to align the rate review with upcoming changes to the categories of service.
2. To the extent possible, selected categories of services were scheduled for review in sequence to the public release of relevant rate benchmarks.
3. Categories of service were grouped for alignment of specific procedure codes to ensure the most efficient review.
4. Complicated rate methodologies for specific categories of services will require additional resources for the development of an analysis and review.
5. Categories of service for which policy is expected to change or undergo revisions were placed in the final year of the review.



COLORADO

Department of Health Care
Policy & Financing

Five Year Schedule

Year Two (June 2016 – May 2017)

Service Type	No. of Codes	No. of Rates
Home and Community Based Services Waivers	204	186
HCBS waiver for Persons with Spinal Cord Injury	32	3
HCBS for Person with Brain Injury	50	22
HCBS Children's Extensive Supports	20	4
HCBS Children's Habilitative Residential Program	9	27
HCBS Children with Autism	5	4
HCBS waiver for Persons with Developmental Disability	13	66
HCBS for Person who are Elderly, Blind Disabled	21	28
HCBS Community Mental Health Supports	16	0
HCBS Children with Life Limiting Illness	9	10
HCBS Supported Living Services waiver	27	20
HCBS Children's waiver	2	2
Anesthesia	326	326
Surgery	4,483	4,483
Integumentary Systems	494	494
Musculoskeletal Systems	1,658	1,658
Respiratory Systems	405	405
Cardiovascular System	889	889
Digestive System	1,037	1,037
Physician Services	495	495
ESRD and Dialysis Treatments	29	29
Gastroenterology	21	21
Ophthalmology	86	86
Ear, Nose, Throat (including Speech)	91	91
Cardiology	175	175
Vascular	27	27
Respiratory	54	54
Cognitive Capabilities Assessments	12	12
Targeted Case Management (DIDD)	1	1
Total	5,509	5,491



COLORADO

Department of Health Care
Policy & Financing

Five Year Schedule

Year Three (June 2017 – May 2018)

Service Type	No. of Codes	No. of Rates
Surgery	1,320	1,320
Urinary System	331	331
Male/Female Genital System and Maternity	432	432
Endocrine System	37	37
Nervous System	520	520
Physician Services	1,223	1,223
Evaluation and Management	156	156
Radiology	675	675
Vaccines and Immunizations	110	110
Psychiatric Treatment	35	35
Allergy	36	36
Sleep Studies	5	5
Neurology	87	87
Motion Analysis	2	2
Genetic Counseling	1	1
Health and Behavior Assessments	6	6
Infusions and similar products	40	40
Diagnostic and Therapeutic Skin Procedures	10	10
Physical Therapy	42	42
Treatment of Wounds	8	8
Miscellaneous Services	10	10
Dental Services	657	657
Total	3,200	3,200



COLORADO

Department of Health Care
Policy & Financing

Five Year Schedule

Year Four (June 2018 – May 2019)

Service Type	No. of Codes	No. of Rates
Ambulatory Surgical Centers	2,649	10
RCCF, TRCCF, PRTF	22	22
Dialysis	1	84
Family Planning Services	44	44
DME	733	988
Total	3,449	1,148



COLORADO

Department of Health Care
Policy & Financing

Five Year Schedule

Year Five (June 2019 – May 2020)

Service Type	No. of Codes	No. of Rates
Prosthetics	888	888
Eyeglasses	79	79
Disposable Supplies	645	645
Total	1,612	1,612

The Department proposes to maintain capacity in Year Five to accommodate the need to evaluate potential new benefits, changes to the recommended schedule based on off-cycle reviews required by the Committee, newly covered benefits, and reviews required by new statutory and/or regulatory mandates.



COLORADO

Department of Health Care
Policy & Financing

Proposed Rates to be Excluded from the Rate Review Process



COLORADO

Department of Health Care
Policy & Financing

Proposed Exclusions

The Department is recommending a number of service categories be excluded from the Rate Review Process:

- Rates based on costs
- Rates that already have a regular process for updates that is delineated in statute or regulation
- Rates under a managed care plan
- Payments unrelated to a specific service rate



COLORADO

Department of Health Care
Policy & Financing

Proposed Exclusions

Medicaid payer of last resort: Crossover claims do not reflect a payment for specific services.

Incentive Payments: These rates are contractually-based and calculated based on providers meeting a set of quality indicators specific to the contracted group

Contracted Plans: Contracted Health Maintenance Organizations (HMO) and Behavioral Health Organizations (BHO) reimbursements are based on an annually-calculated per-member per-month or capitated rate.



COLORADO

Department of Health Care
Policy & Financing

Proposed Exclusions

Selected Regular Rate Setting Work:

Inpatient Hospitals: Rates are revised annually and based on updated Medicare base rates with specific Medicaid cost-add-ons. The payment methodology uses Diagnosis Related Groups (DRG) weights that are updated at least every other year.

DRG Grouper: This is a service category that refers to the weights used for inpatient hospital services

Outpatient Hospital: Except for Transportation, payment for outpatient hospital services is based on costs (transportation will not be affected by the EAPG transition and will be reviewed in Year 1)



COLORADO

Department of Health Care
Policy & Financing

Proposed Exclusions

Clinic:

FQHC and RHC: Federally Qualified Health Centers and Rural Health Centers are reimbursed prospectively

School Based Clinic Services and School Based Clinic Case Management: These services are reimbursed at cost. Rates are based on a per unit reimbursement, reconciled annually through a cost settlement

Prescribed Drugs:

Title XIX Drugs: Rates are under continual review: compliance with federal regulations requires ongoing rate revision due to the continuous fluctuation of prices



COLORADO

Department of Health Care
Policy & Financing

Proposed Exclusions

Facility:

Nursing Facility Class I and Class V: Nursing facility rates are cost-based and calculated annually following the submission of cost reports

Intermediate Care Facilities (ICF) for Individuals with Intellectual Disabilities (IID) Class II and Class IV: ICF rates are cost based and calculated annually following the submission of cost reports. ICF/IID reimbursement requires annual rate updates



COLORADO

Department of Health Care
Policy & Financing

Questions?



COLORADO

Department of Health Care
Policy & Financing