

Reimbursement Unit Changes

Presentation to the Medicaid Exchange Advisory Committee (MEAB)

January 22, 2018

Reimbursement Unit Overview

- Comprised of Six Staff Members who are
 - Primarily responsible for administering payment systems and setting rates for:
 - Inpatient Hospital Services, including Mental Health Care Services (excludes Level 1 Mental Health Involuntary Care rates which are set by Dept. Mental Health)
 - Outpatient Hospitals, including Emergency Room Care
 - Professional Services including Physician Offices and Ambulatory Surgical Center(s) and Psychologists.
 - Disproportionate Share Hospital Program
 - Clinical Laboratory Services
 - Graduate Medical Education Program
 - Home Health Services (non-waiver services) including Hospice
 - Ancillary Services: Durable Medical Equipment (DME), Prosthetics and Orthotics (POS), Physician-administered Drugs, Anesthesia
 - Federally Qualified Health Centers and Rural Health Centers
 - Skilled Nursing and Inpatient Rehab (excludes Nursing Home Facility rates which are set by AHS Rate Setting)
 - Non-emergency Transportation (NEMT) Services (non-waiver)
 - Other
 - Provider Taxes
 - Quarterly National Correct Coding Initiative updates (NCCI)
 - Quarterly coding updates (new, revised and deleted)

Reimbursement Unit Overview

- The SFY18 budget for these items and services is approximately \$541 million (prior to BAA adjustments).
- The highest spending service categories include Inpatient, Outpatient and Professionals Services.
- The Disproportionate Share Hospital (DSH) and the Graduate Medical Education Program are the next highest spending categories.

Service Category	Total Non-Crossover	Percent of Total
Inpatient	\$ 142,744,198	26%
Outpatient	\$ 122,847,829	23%
Professional Services	\$ 125,716,015	23%
DSH	\$ 33,748,781	6%
Independent Lab/Xray	\$ 12,858,247	2%
GME	\$ 30,000,000	6%
Home Health and Hospice	\$ 11,040,836	2%
Federally Qualified Heath Centers	\$ 26,608,798	5%
Rural Health Centers	\$ 7,589,355	1%
Ambulance	\$ 6,180,655	1%
Skilled Nursing	\$ 2,657,180	0%
Therapy Services/ PTOT	\$ 5,619,811	1%
Prosthetic/Ortho	\$ 3,590,810	1%
Medical Supplies	\$ 1,477,652	0%
DME	\$ 8,509,630	2%
	\$ 541,189,797	100%

Major Reimbursement Activities 08-18

YEAR	08	09	10	11	12	13	14	15	16	17	18
Inpatient Hospital	R				R				R		
Outpatient Hospital	R	U	U	U	U	U	U	U	U	R*	R
Disproportionate Share	R	R	U	U	U	U	U	U	U	U	R*
Level I (involuntary psych placement) Cost Settlements					R	U	U	U	U	U	
Professional Services (RBRVS)				R	U	U	U	U	U	U	U
Graduate Medical Education Supplemental Payment				R	U	U	U	U	U	U	
Laboratory						R	U	U	U	U	R*
Durable Medical Equipment										R*	R
Non-Emergency Transportation								R*			
Federally Qualified Health Centers and Rural Health Clinics	U	U	U	U	U	U	U	R**	R**	U	R
Home Health Agencies							R*	R**	R**		

R* indicates rebase in process

R** indicates rebase attempt, but not adopted

- R= Re-base
i.e., New rates calculated using a combination of new data, new methodology or new policies
- U= Update
i.e., Annual update based on current methodology and most recent data available

Accomplishments in SFY18

- **Invested in Vermont's Health Centers.** (DVHA) concluded a multi-year project to evaluate the way it pays health centers, both Federally Qualified Health Centers (FQHCs) and Rural Health Centers (RHCs). The project achieved several key goals: (1) brought DVHA into compliance with federal law related to health center reimbursement, (2) invested \$2.4 million in health centers, (3) aligned DVHA's payment methodology for health centers with DVHA's overall payment reform goals, including the All-Payer Model, and (4) end longstanding confusion and disagreement between DVHA and health centers regarding reimbursement policy.

Accomplishments in SFY18 Continued

- **Restored Primary Care Parity with Medicare.** DVHA recognizes the importance of primary care in supporting the delivery system reforms needed to respond to payment reforms. One way to support primary care is to create equity between Medicare and Medicaid for primary care rates. DVHA has achieved this goal by aligning payment for certain primary care codes with Medicare through its recent update to its physician fee schedule and primary care incentive payments, which became effective August 1, 2017. Specifically, DVHA increased the rate paid to eligible primary care providers for certain services to equal the Medicare calendar year 2017 payment rates. This increase is achieved by using a special conversion factor (CF), which was formerly called an Enhanced Primary Care Payment, or EPCP.

Accomplishments in SFY18 Continued

- **Resolved Dartmouth Hitchcock Medical Center Reimbursement Litigation.** The State of Vermont and Dartmouth Hitchcock Medical Center (DHMC) came to an agreement to end longstanding litigation regarding reimbursements. The State of Vermont committed to creating parity between rates paid to DHMC and Vermont's in-state academic medical center. These changes were effective January 1, 2018. It is our hope that the resolution of this lawsuit can renew collaboration on health care reform

Accomplishments in SFY18 Continued

- Re-based Outpatient Hospital Rates
 - Completed comprehensive re-basing of outpatient hospital rates and increased the resulting new rates equivalent to a 3% increase over spending for those same services in CY2016.
- Re-based DMEPOS Rates
 - In compliance with federal legislation requiring caps on some DME items at the Medicare level, implemented a rebase of DMEPOS rates effective January 1, 2018.
- Updated Physician-administered Drug Rates
- With Support from Stakeholders, Concluded Home Health Rebase Discussions

Looking ahead to remainder of SFY 18 and SFY19

- Evaluating Clinical Lab Re-base or Updates for Q1 2018.
- Implementing re-base of the Disproportionate Share Hospital (DSH) program.
- In discussions about the introductions of a variety of value-based purchasing initiatives.
- Continue to monitor spending and make ad-hoc adjustments to rates as needed.
- Explore and support payment reform models across the care continuum with agency partners.

Additional Highlights

- Submitted the Vermont Medicaid Payment Alignment Report in accordance with Act 85 of 2017.
- See here: <https://legislature.vermont.gov/assets/Legislative-Reports/Medicaid-Alignment-Report-to-Legislature-FINAL.pdf>.
- And here: <https://legislature.vermont.gov/assets/Legislative-Reports/Medicaid-Alignment-Report-Update-Nov2017-FINAL.pdf>.