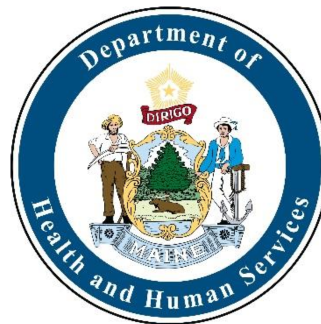
The Office of MaineCare Services

Comprehensive Rate System Evaluation Update

March 16, 2021



Background

Federal Medicaid Payment Requirements

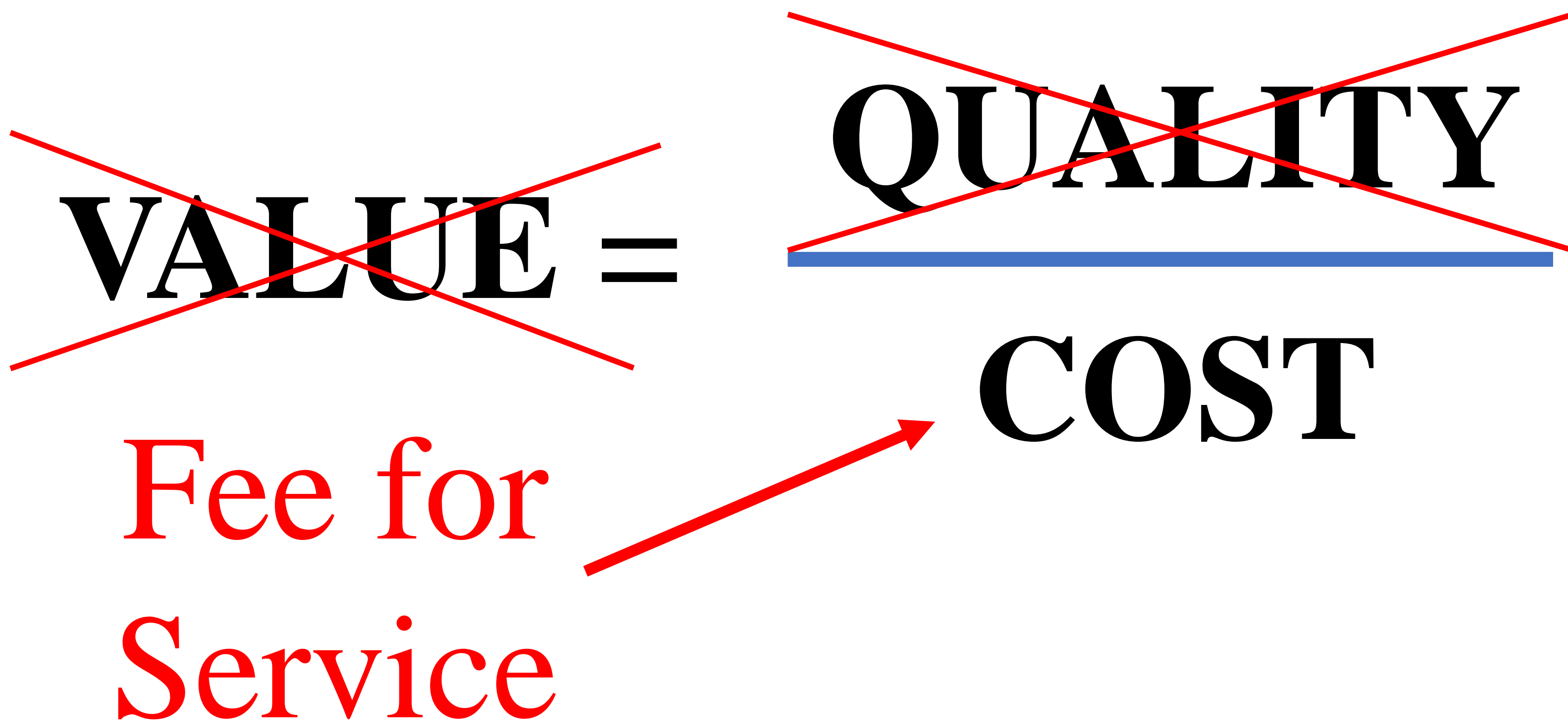
Section 1902(a)(30)(A) of the Social Security Act requires that states' Medicaid payment rates be consistent with **efficiency, economy, and quality of care**, and are **sufficient to provide access** to the general population.

Federal Approval of Reimbursement

- To change the way they pay Medicaid providers, states must submit a State Plan Amendment (SPA) or waiver amendment to Centers for Medicare and Medicaid Services (CMS) for approval.
- The SPA details individuals to be covered, services to be provided, methodologies for provider reimbursement, and administrative activities.
- Waivers include additional requirements for cost neutrality and evaluation
- Trend of increased CMS scrutiny of rates and reimbursement methodology
- New reporting requirements on supplemental payments

Efficiency, Economy, Quality, Access and Equity

Value-Based Purchasing vs. Fee for Service



Cost Reimbursement

- No reward to provider for controlling costs
- Providers may not receive comparable reimbursement for providing the same services
- No relationship between payment and quality of care
- Administratively burdensome for provider and for the State

Ensuring Appropriate Use of State $

- Importance of reimbursement methodology: adequate to cover reasonable costs

- Inputs align with service requirements:
  - Staffing ratios
  - Who delivers service, median salary levels
  - Productivity levels
  - Travel, etc.

- Tie to performance to prevent misspending

Current State: Inconsistent & Outdated Rates

- Outdated
  - Rates in over 40% of MaineCare policies have no schedule for review
  - Rates in almost 40% of MaineCare policies have not been updated since prior to 2015.
- Inconsistent
  - Rates benchmarking Medicare utilize a range of percentages and benchmarks from various different years
- Often no basis
  - Rates in almost 30% of polices are "legacy rates" for which no methodology is available

Current State: Inconsistent & Outdated Medicare Benchmarks

Year Medicaid Rate Was Set	Section of Policy		
	55 Lab	90 Physician	101 Imaging
2009	79.6%	83.6%	78.9%
2010	0.8%	1.3%	2.4%
2011	0.9%	1.3%	0.8%
2012	0.1%	1.1%	1.2%
2013	1.1%	1.3%	0.6%
2014	5.2%	1.3%	0.2%
2015	0.5%	1.1%	4.1%
2016	1.6%	0.8%	2.6%
2017	0.7%	1.0%	0.6%
2018	5.3%	0.7%	1.1%
2019	1.1%	0.8%	1.5%
2020	0.1%	0.9%	1.1%
2021	0.1%	0.1%	0.3%
Researched	2.8%	4.6%	4.6%
codes fr after 1st yr	17.6%	11.8%	16.5%

Current State: Inefficient & Inconsistent System

- Complex
  - Management of myriad, inconsistent methodologies and different timelines for rebasing and adjustment is very administratively burdensome and difficult for providers and the Department to track.
- Rates increasingly mandated by legislature
  - Outsize impact of advocacy versus evidence-based assessment of sufficiency of rates by service
  - Lack of clear methodologies, in part due to lack of access to data regarding actual cost of services
  - Expectations sometimes inconsistent with timelines and requirements for obtaining state and federal authority
  - Department resources tied up in implementing legislation and cannot proactively address other priorities and system shortcomings

MaineCare Comprehensive Rate System Evaluation

Initial Timeline

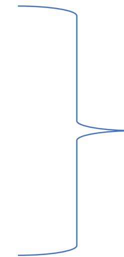
In June 2019, the HHS Committee requested the Department report on its efforts to make the MaineCare rate system more rational and transparent.

On January 4, 2020, the Department issued an RFP seeking proposals to perform a comprehensive evaluation of MaineCare's rate setting system and make recommendations for improvement.

Stakeholder Engagement

Stakeholder Engagement

- 22 provider sessions
- 3 member sessions + member survey



Participation by more than 525 individuals and 270 organizations

Provider Listening Sessions I: October 5-9

Member Listening Sessions: November 18-19

Provider Listening Sessions II: December 2-8

Comprehensive Rate System Evaluation Deliverables

November 2020

Benchmarking Report

- Compares MaineCare reimbursement rates with rates for similar services from Medicaid comparison states, Medicare, and commercial payers.

January 2021

Interim Report

- Recommendations to simplify and streamline rate setting system.
- Recommended prioritization of services for rate review.
- Estimates of associated investments.

March 2021

Implementation Plan

- Incorporates DHHS' recent, in-progress & planned rate adjustments into prioritization.
- Presents recommendation, rationale, and estimated effective date by policy section and service category.

Benchmark Report

- 31 comparison workbooks across 63 categories of service, comparing reimbursement rates for MaineCare services with rates from select Medicaid comparison states, Medicare, and commercial payers.

Is NOT:

- A study of underlying rate assumptions and economic factors
- For services with cross-state variations in service and payment models, a judgment on appropriateness of existing rate levels

IS:

- A cross-payer snapshot of how MaineCare's rates compare for similar services
- An indication of where further analysis is recommended to determine whether rate adjustments are warranted

Benchmark Report

Section of Policy	Service Category	Avg % of Comparison Rate
25	Dental Endodontics Services	46.1%
85	Physical Therapy	52.4%
25	Dental Prosthodontics (Fixed) Services	53.1%
68	Occupational Therapy	54.6%
14	CRNA	55.4%
65	Behavioral Health Services - Children's Outpatient	120.0%
18,20,21,29,102	HCBS Supported Employment	135.4%
18,20,21,29,102	HCBS Residential Habilitation	135.7%
18,20,21,29,102	HCBS Day Habilitation	149.5%
5	Ambulance	183.4%

5 service categories with lowest relative rates

5 service categories with highest relative rates

Myers & Stauffer's Interim Report Recommendations

- Use consistent and rational bases for developing and updating rates
- Use consistent Medicare benchmarks across services, where available
- Move away from cost settlement
- Move more payments toward Alternative Payment Models (APMs) to provide incentives for higher value care.
- Review and update methodologies and rates on a regular schedule
  - Rate studies: every 5 years
  - Inflation every 2-3 years
- Consider advisory body to address special circumstances

The Department will determine which recommendations to adopt and develop an implementation plan that aligns with broader priorities, initiatives in the biennial budget, and budget resources.

MYERS AND STAUFFER LC

Implementation Plan

Incorporates the Department's recent, proposed and in-progress rate initiatives into prioritization of services for rate review:

- Spring 2020 HCBS Personal Support Services rate increases (12, 19, 96)
- HCBS Residential and Day Habilitation rate adjustments (18, 20, 21, 29)
  - FY21 and proposed FY22
- Durable Medical Equipment (60) rate and methodology adjustments to avoid exceeding CMS Upper Payment Limit (UPL)
- Primary Care 2.0 (91) FY22 payment and delivery system reform
- PNMI D (97-D) Children's Residential proposed FY22 rate increase

SFY22 M&S Recommended Priority Services, I

Priority Order	Policy Section	Recommendation	Anticipated Directional Fiscal Impact to State	Estimated Effective Date
1	Section 5: Ambulance Services	Rate study for non-Medicare services	Savings for non Medicare services	1/1/23
2	Section 13: Targeted Case Management	Rate study Consider Alternative Payment Model	Unknown.	1/1/23
3	Section 97-E: Private Non-Medical Institution (PNMI-E): Community Residences for Persons with Mental Illness	Rate study Change from budget-based payment to standardized fee schedule	Unknown.	1/1/23

SFY22 M&S Recommended Priority Services, II

Priority Order	Policy Section	Recommendation	Anticipated Directional Fiscal Impact to State	Estimated Effective Date
4	Section 25: Dental	Develop benchmark rates from source such as the median commercial rate from the Maine All Payer Claims Database (APCD)	Investment required. Low estimate: $8.6M total state & federal • 67% of commercial median for diagnostic, preventive, and endodontic services; • 50% median for all other services High estimate: $28M total state & federal • 100% of median	7/1/22

SFY22 M&S Recommended Priority Services, III

Priority Order	Policy Section	Recommendation	Anticipated Directional Fiscal Impact to State	Estimated Effective Date
5	Section 90: Physician Services Section 14: Advanced Practice Registered Nurse (APRN)/Certified Registered Nurse Anesthetist (CRNA) Services Section 85: Physical Therapy (PT) Section 68: Occupational Therapy (OT) Services Section 109: Speech/Hearing Therapy Section 95: Podiatric Services Section 75: Vision Services Section 15: Chiropractic Services Section 101: Medical Imaging	Update to a revised percent of current Medicare Physician Fee Schedule (PFS) Example: • Keep ACA codes at 100% • Standardize all other codes at 71.4% (rate at which no net loss to any policy section)	Investment required: Estimated $30.7M State & Federal	7/1/22

SFY23 M&S Recommended Priority Services, I

Priority Order	Policy Section	Recommendation	Anticipated Directional Fiscal Impact to State	Estimated Effective Date
6	Section 3: Ambulatory Care Clinic Services	Integrate into the Medicare Physician Fee Schedule (PFS)	Unknown.	7/1/23
	Section 23: Developmental and Behavioral Clinic Services	Integrate into the Medicare PFS Apply a high-risk population modifier existing PFS codes.	Unknown.	
7	Section 55: Laboratory Services	Update to a revised percent of a current Medicare Fee Schedule to rebalance rates.	Net neutral.	7/1/23

SFY23 M&S Recommended Priority Services, II

Priority Order	Policy Section	Recommendation	Anticipated Directional Fiscal Impact to State	Estimated Effective Date
8	Section 65: Behavioral Health	• Integrate outpatient services into the Medicare PFS • Rate study for other services • Evaluate for APMs	Unknown.	8/1/23
	Section 28: Rehabilitation and Community Support for Children	Rate study	Unknown.	
	Section 17: Community Support Services	Update 2017 rate study if service model the same, or conduct new one	Unknown.	
9	Section 30: Family Planning Agency Services	• Crosswalk and change current codes to Medicare PFS codes with aligned descriptions. • Apply a standard percentage discount for non-MD providers. • Consider bundled clinic rate APM	Unknown.	7/1/23

SFY23 M&S Recommended Priority Services, III

Priority Order	Policy Section	Recommendation	Anticipated Directional Fiscal Impact to State	Estimated Effective Date
10	Section 7: Free-Standing Dialysis	Adopt a Maine-specific fee schedule for all services, set to approximate Maine Medicare rates.	Net neutral.	7/1/23
11	Section 43: Hospice	• Benchmark rates to CMS published Medicaid rates. • Consider Medicare's performance based payment approach.	Savings: $207,679	7/1/23

SFY23 M&S Recommended Priority Services, IV

Priority Order	Policy Section	Recommendation	Anticipated Directional Fiscal Impact to State	Estimated Effective Date
12	Section 45: Hospital Services	Acute Inpatient: • Implement APMs with two-sided accountability. • Eliminate supplemental payments; use to increase DRG base rates • Update DRG methodology/ grouper. • Transition away from cost settlement to prospective payments. • Rate study to implement standardized rates by service model for distinct psychiatric and SUD units. Acute Outpatient: • Consider reducing rates for services delivered in ASC setting where ASC rates for those services are lower. CAH: • Consider change away from cost settlement to DRG and/or APC approach	Unknown.	TBD

SFY23 M&S Recommended Priority Services, V

Priority Order	Policy Section	Recommendation	Anticipated Directional Fiscal Impact to State	Estimated Effective Date
12	Section 46: Psychiatric Hospital Services	• Consider transitioning inpatient to prospective per diem or per discharge payment. • Change outpatient reimbursement to APC methodology used for other outpatient services	Unknown.	TBD
	Section 45/46: Inpatient and Outpatient Hospital Based Physicians (HBPs)	Repurpose funding for cost settlement to be used for performance-based payments in an APM.	Unknown.	

SFY23 M&S Recommended Priority Services, VI

Priority Order	Policy Section	Recommendation	Anticipated Directional Fiscal Impact to State	Estimated Effective Date
13	Section 67: Nursing Facility Services	• Consider approaches to implement prospective rates instead of cost settlement • Incorporating after-the-fact adjustments into base reimbursement methodology. • Evaluate peer grouping methodology and calculation of cost components and ceilings. • Implement performance based payment	Unknown.	TBD
	Section 97-C: PNMI	Consider approaches to develop fully prospective rates instead of cost settlement.	Unknown.	
	Section 2: Adult Family Care Homes (AFCHs)	Review the service model and consider methodology redesign.	Unknown.	

SFY24+ M&S Recommended Priority Svcs, I

Priority Order	Policy Section	Recommendation	Anticipated Directional Fiscal Impact to State
14	Section 50: Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs-IDD)	Rate study. Consider resident assessment approach	Unknown.
15	Section 91: Health Homes (CCT only)	Rate study	Unknown.
16	Section 92: Behavioral Health Homes	• Rebase • Consider incorporating medication management or use of CCBHC model.	Unknown.
17	Section 93: Opioid Health Homes	Rebase	Unknown.
18	Section 97-B: Private Non-Medical Institution-B: Substance Use Disorder Treatment Facilities	Rate study Ensure service model reflects American Society of Addiction Medicine (ASAM) levels of care.	Potential Investment.
19	Section 97-F: Private Non-Medical Institution-F Non-Case Mixed Medical and Remedial Services	Rate study. Transition from cost-settlement to prospective rates	Unknown.

SFY24+ M&S Recommended Priority Svcs, II

Priority Order	Policy Section	Recommendation	Anticipated Directional Fiscal Impact to State
20	Section 107: Psychiatric Residential Treatment Facility (PRTF)	Review rates when active providers	Unknown.
21	• HCBS Home Health and Nursing (19, 20, 21, 96) • HCBS Clinical (20, 21)	Rate studies Evaluate whether codes should align with codes in OT/PT/Speech/ nursing sections, potentially with modifiers.	Unknown.
	Section 102: Rehabilitative Services	Rate study	Unknown.
	Section 40: Home Health	Rate study Evaluate whether codes should align with codes in OT/PT/Speech/ nursing sections, potentially with modifiers.	Unknown.

SFY24+ M&S Recommended Priority Svcs, III

- Rebase:
  - Residential and Day Habilitation
  - Supported Employment
  - Personal Care Services

Other Rate Studies in Progress

- Support for ME Grant:
  - PNMI B (97-B) Substance Use Disorder
  - Substance Use Intensive Outpatient (65)
- MH Intensive Outpatient Services (65):* expanded eligibility for IOP services and a restructuring of service model and payment method to improve member access and provider administration

**Included in Governor's biennial budget proposal*

Next Steps

- Department to review and determine recommendations for adoption, including priority order of services
  - Refine fiscal estimates, where possible
- Determine necessary resources to implement plan
  - Rate setting staff
  - Contracted rate studies

Questions?

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Office of MaineCare Services