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Senator Ned Claxton, Chair
Representative Michelle Meyer, Chair
Members, Joint Standing Committee on Health and Human Services
100 State House Station
Augusta, ME 04333-0100

Re: LD 376 – *Resolve, To Increase Certain Chiropractic Reimbursement Rates under the MaineCare Program*

Senator Claxton, Representative Meyer, and Members of the Joint Standing Committee on Health and Human Services:

While we share the goal of increasing access to services, the Department has concerns about the approach outlined in 376 – *Resolve, To Increase Certain Chiropractic Reimbursement Rates under the MaineCare Program*. This resolve directs the Department to amend its rule Chapter 101: MaineCare Benefits Manual, Chapter III, Section 15 to increase reimbursement rates for chiropractic services for manipulative treatments under procedure codes 98940, 98941 and 98942 to no less than 70% of the federal Medicare reimbursement rate for these services as long as the rate is no lower than the rate reimbursed as of January 1, 2021. It also allows the Department to choose to instead conduct a rate study to determine new rates in lieu of the 70% rate.

The Department is committed to ensuring that payments to MaineCare providers support access, equity, and quality health care for MaineCare members. Toward this end, and responsive to the request of this Committee, in 2020 the Office of MaineCare Services contracted with Myers and Stauffer, a national accounting firm, to conduct a rate evaluation of MaineCare rate system, including a rate comparison study of all MaineCare services. The Comprehensive Rate System Evaluation compares MaineCare rates to those paid by Medicare, commercial plans, and certain other state Medicaid programs; makes recommendations to streamline and rationalize MaineCare's system; and recommends a prioritization of MaineCare services for adjustments and/or study.

The timeline of Myers and Stauffer's work was adjusted as a result of the coronavirus pandemic, but progress has been made with significant stakeholder engagement, and the evaluation will be completed in February. Because of the delay, as well as the pandemic's impact on the economy, the Department is not proposing any rate adjustments at this time outside of those included in the Governor's biennial budget submission. When the evaluation is complete, the Department will determine which recommendations to adopt and develop an implementation plan that aligns with broader priorities.

Changes to reimbursement rates should be conducted as part of a comprehensive plan to rationalize MaineCare's rate system, designed to prioritize services where rate and/or rate methodology changes are most warranted. Myers and Stauffer's evaluation proposes such a plan, based on

factors including: guiding principles for rate methodologies based on best practices for rate development across state Medicaid agencies and Medicare; the assessment of MaineCare rates in comparison to rates for comparable services by other payers; how long it has been since the last update to rates; the Department's strategic goals, including those related to Alternative Payment Models (APMs); and evidence of member access issues related to rate adequacy.

The Myers and Stauffer report found that across all Chiropractic Services, MaineCare's 2020 rate averaged 69.7% of the 2020 Medicare rate. The percentages for the three codes impacted by LD376 are currently 70.1% (98490), 48.5% (98491), and 46.4% (98492). The report also found that 98490 and 98491 are the two most frequently billed codes by these providers, making up 21% and 47% respectively, of the volume done under Section 15 in CY2019 (98492 made up 3%), so MaineCare's rates for these codes are truly important to member access and providers' financial pictures.

Myers and Stauffer categorized services into four priority groupings in their Interim Report issued on January 20, 2021. Chiropractic services are one of nine sections¹ of the MaineCare Benefit Manual (MBM) that are included in the top priority group because they are reimbursed at different percentages of different year Medicare rates, with no apparent rationale for the differences.

To establish consistent rationale and equity between providers, Myers and Stauffer recommends updating these services to use a consistent percentage of a more current Medicare year and then revising this benchmark on a regular basis. Importantly, if the legislature were to implement this recommendation, it would be important to consider all nine sections at the same time so that the benchmark percentage could be set with an understanding of the budget impact of implementing the entire recommendation. For instance, the Meyers and Stauffer modeled benchmarking all relevant sections to 71.4% of Medicare, which is the minimum percentage to ensure that no sections would see a net reduction in overall spend: this would generate an additional \$30.7 mil (14.4%) for those providers, at a General Fund cost of \$11.1 mil.

In conclusion, we understand providers face challenges related to reimbursement for some services, but we also believe, as this committee does, that establishing a rational reimbursement system is in the long-term best interest of the State, providers, and the Legislature itself. Adjusting provider reimbursement rates without an eye for consistency and equity with other services, as this LD would do, would be inconsistent with this long-term effort, and therefore the Department does not support the LD.

We wanted you to be aware of the above information as you consider this bill going forward. If you have any further questions, please feel free to contact me.

Sincerely,



Michelle Probert, Director
Office of MaineCare Services

¹ Sec. 15 Chiropractic; Sec. 14 Advanced Practice Registered Nursing; Sec. 68 Occupational Therapy; Sec. 75 Vision; Sec. 85 Physical Therapy; Sec. 90 Physician; Sec. 95 Podiatric; Sec. 101 Medical Imaging; Sec. 109 Speech and Hearing