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Agency of Human Services

M E M O R A N D U M

To: Rep. Michael Fisher, Chair, House Committee on Health Care

From: Mark Larson, Commissioner of the Department of Vermont Health Access

Cc: Doug Racine, Secretary, Agency of Human Services

Date: March 11, 2014

Re: Primary Care Rates

In response to questions related to Medicaid financial support of primary care providers, Medicaid conducted the attached primary care expenditure analysis. Based on best available data, Medicaid has increased support to primary care providers by almost $20 million in 2013 compared to 2012.[1] While total aggregate spending is increasing, provider perceptions of payment support vary greatly. Table 1 summarizes estimated total spending in 2012-2013 on primary care providers.

Primary care financing comes in many forms and has been targeted for increases by both the federal government and within the state. Primary care providers are financed in the following ways:

- **Fee for service (FFS) payments:** In large part due to the federal Enhanced Primary Care Program (EPCP) in which the federal government pays 100% of the difference between Medicaid's evaluation and management (E&M) and the Medicare rate. In addition, non-E&M services have increased as a result of the November 1 2013 rate increases.
- **FQHCs and RHCs** are paid via an alternative system (i.e., not FFS as described above), but have also seen increases in the aggregate.
- As part of Medicaid's participation in the **Blueprint for Health**, primary care providers have received payments both for their performance (P4P) as well as capacity payments to support additional FTEs on Community Health Teams (CHTs).
- **Primary Care Case Management (PCCM) payments**: Medicaid pays primary care providers a $2.50 per beneficiary, per month payment for primary care management. In November of 2014, the method for payment was updated to be consistent with the Blueprint for Health and so there was some re-distributional impact but total payment stayed neutral.

[1] Note that all data from 2013 is "to-date" and likely underestimated because of claims run-out. More precise estimates could be provided in summer or fall of 2014.

Table 1. Total Estimated DVHA Expenditures on Primary Care Providers 2012-2013

	CY2011	CY2012	CY2013*
Primary Care E&M Payments	$ 55.21	$ 53.69	*$ 66.82*
PPS FQHC Payments	$ 16.99	$ 17.85	*$ 19.10*
Retrospective FQHC Payments	$ 1.33	$ 1.91	*$ 1.94*
CHT Payments	$ 0.09	$ 1.45	*$ 4.09*
NCQA Score Payments	$ 0.63	$ 1.55	*$ 1.94*
Other Service Payments	$ 17.21	$ 17.91	*$ 19.84*
Total	**$ 91.5**	**$ 94.4**	***$ 113.7***
		3%	**21%**

The attached analysis illustrates:

- Total payments by type of financing between 2012 and 2013 (using best available data)
- Comparison of FFS E&M Rates between 2012-2014
- Breakdown of state and federal share of E&M rates 2012-2014
- Total additional dollars spent in 2013 compared to 2012 by type of financing

Summary:

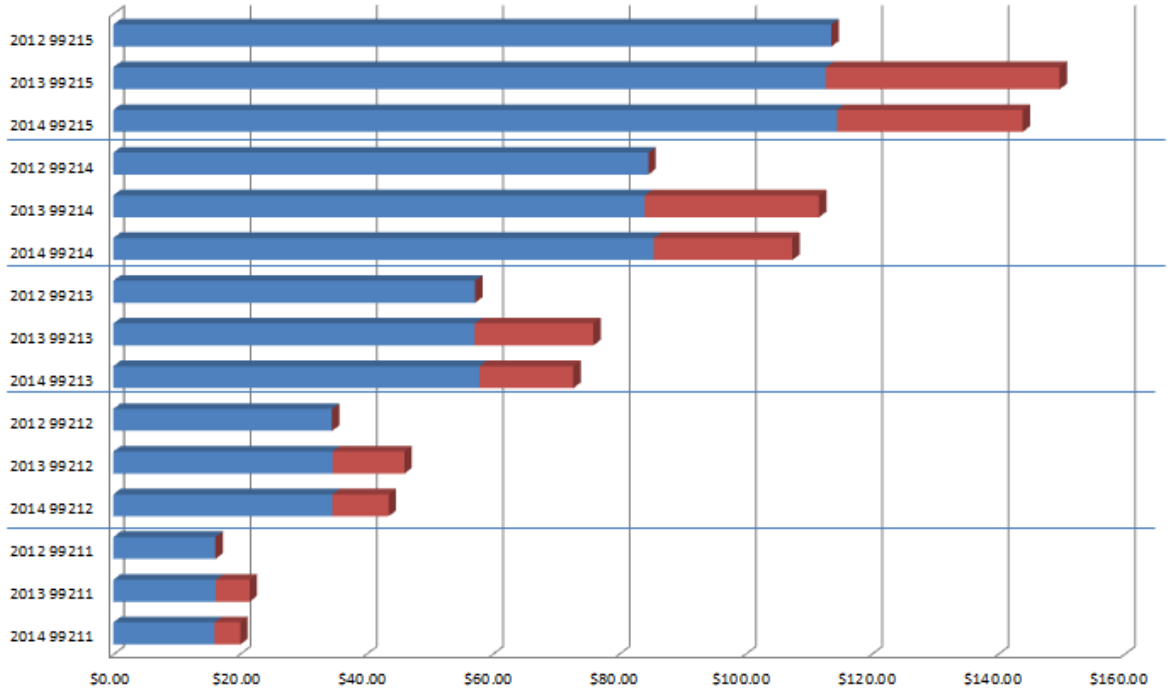
- VT Medicaid is increasing both fee for service (FFS) and alternative payments to primary care providers.
- The federal *Enhanced Primary Care Program and other reimbursement system changes* helped support an increase of at least $13 million between 2012 and 2013 for evaluation and management (E&M) payments under FFS.
- There is some progress in moving away from fee for service (FFS) is being made as part of the Blueprint for Health.
- The investments in Community Health Teams (CHT) are an important alternative payment model supporting primary care providers.
- The proportion of value-based payments is still very small; there is considerable room for growth and evidence suggests that to be an effective incentive, the potential reward must be large enough to be meaningful.
- Provider perceptions of payment adequacy will be mixed as Medicaid transitions away from FFS even when total aggregate system spending is increasing.

FFS Rate Comparison

Medicaid Enhanced Primary Care Program Rates 2012-2014

CODE	Description	2012	2012 (2% reduction)	2013	2013 (2% reduction)	2014
90471	Immunization admin	$19.86	$19.46	$27.42	$26.87	$25.22
99211	Office/outpatient visit est	$16.19		$21.60		$20.14
99213	Office/outpatient visit est	$57.28		$76.01		$72.83
99214	Office/outpatient visit est	$84.70		$111.72		$107.49
99215	Office/outpatient visit est	$113.67		$149.79		$143.94
99381	Init pm e/m new pat infant	$87.80		$115.36		$110.75
99382	Init pm e/m new pat 1-4 yrs	$95.46		$120.22		$115.59
99383	Prev visit new age 5-11	$98.83		$125.12		$120.51
99384	Prev visit new age 12-17	$111.26		$140.90		$136.13
99385	Prev visit new age 18-39	$104.25		$136.92		$132.15
99386	Prev visit new age 40-64	$120.82		$157.92		$152.47
99387	Init pm e/m new pat 65+ yrs	$130.97		$171.73		$165.57
99391	Per pm reeval est pat infant	$78.08		$103.56		$99.67
99392	Prev visit est age 1-4	$86.85		$110.27		$106.40
99393	Prev visit est age 5-11	$86.56		$109.90		$106.04
99394	Prev visit est age 12-17	$94.72		$120.39		$116.15
99395	Prev visit est age 18-39	$93.10		$122.92		$118.68
99396	Prev visit est age 40-64	$99.30		$130.91		$126.49
99397	Per pm reeval est pat 65+	$107.33		$141.26		$136.13

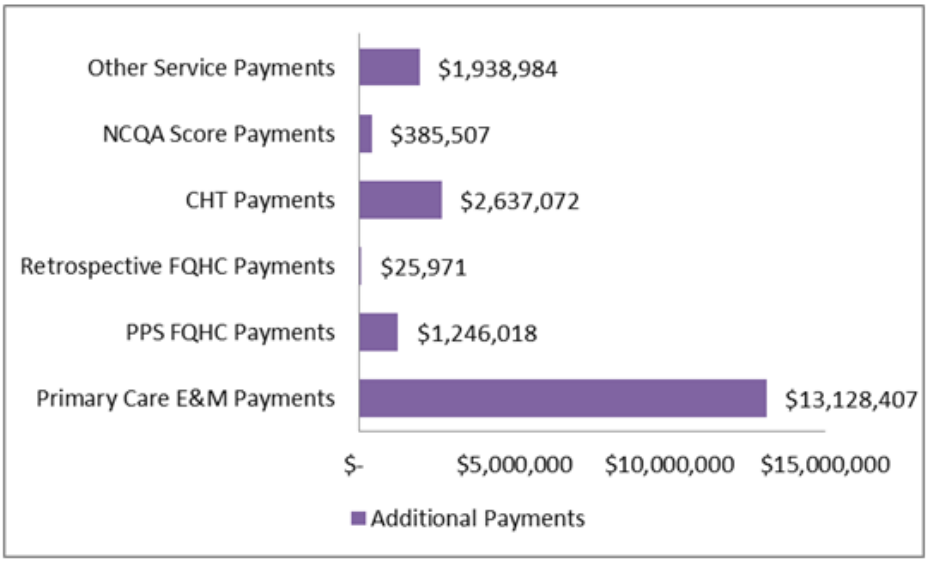
FFS E&M Rate Comparison 2012-2014



	2014 99211	2013 99211	2012 99211	2014 99212	2013 99212	2012 99212	2014 99213	2013 99213	2012 99213	2014 99214	2013 99214	2012 99214	2014 99215	2013 99215	2012 99215
Medicaid Rate	$16.03	$16.27	$16.19	$34.71	$34.72	$34.64	$57.97	$57.25	$57.28	$85.56	$84.14	$84.70	$114.58	$112.82	$113.67
Additional EPCP $	$4.11	$5.33	$-	$8.89	$11.38	$-	$14.86	$18.76	$-	$21.93	$27.58	$-	$29.36	$36.97	$-

Additional Payments CY2013

Additional $$'s to Primary Care Providers by Type of Payment (CY12-CY13)



The 2013 will likely continue to rise because only 45 days of claims run out means that there are still some claims which are yet to be finalized and paid.

This is medical benefit spending only; does not include state investments in public health programs, Vermont Chronic Care Initiative, EHR meaningful use, etc.