

Medicaid: Reference-Based Pricing, Fixed Payments, and Global Budgets

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Medicaid Reference-Based Pricing

- The Vermont Medicaid program has been benchmarking reimbursement against Medicare for many services and providers for over a decade.
 - Consistent reference point against which to benchmark Medicaid rates over time
 - Ability to ensure consistency in reimbursement across providers participating in the Vermont Medicaid network
 - Ability to incentivize certain types of services with relatively higher reimbursement
- We have maintained an underlying structure of reference-based pricing even as we have implemented broad-based Medicaid payment reforms.

Medicaid Fee Schedule	Current Payment Methodology
Ambulance	100% of Medicare CY23 Rates 100% of Medicare CY24 Rate (A0998)
Anesthesia	94% of Medicare CY25 Rates
Clinical Laboratory Services	97.5% of Medicare Oct 2024 Rates
Dental	75% of NE Delta Dental Premier Gen. Practice CY23 Rates
Durable Medical Equipment, Prosthetics, Orthotics, and Supplies	87.5% of Medicare Oct 2024 Rates
Home Health Services - Skilled	100% of MCR CY25 Final Rule LUPA Equivalent to 67% of Medicare Patient-Driven Groupings Model
Inpatient Services	Based on Medicare DRG reimbursement logic
Outpatient Services	<u>Peer Group % of Medicare CY25 Final Rule Rates</u> In-State Critical Access Hospitals: 104.6% In-State Acute Care Hospitals: 81.8% In-State/Out-of-State Border Academic Medical Centers: 80.5% Out-of-State Border Critical Access Hospitals: 99.3% Out-of-State Border Acute Care Hospitals: 77.6% All other Out-of-State Hospitals: 77.3% Ambulatory Surgical Centers: 77.3%
Physician Administered Drugs	98.5% of Medicare Oct 2024 Rates
Professional Services – Primary Care	115% of Medicare CY25 Final Rule Rates
Professional Services - Non-Primary Care	89.5% of Medicare CY25 Final Rule Rates

Fixed Payments and Global Budgets

- DVHA has been implementing fixed prospective payments to hospitals through the Vermont Medicaid Next Generation (VMNG) ACO program since 2017, and in 2024 began a complementary pilot called the Global Payment Program (GPP), such that hospitals participating in both would begin to receive fixed payments for the majority of their Medicaid revenue.
 - VMNG and GPP implemented together as an incremental step toward hospital global budgets for Medicaid

Fixed Payments and Global Budgets

- DVHA is working to develop a Medicaid hospital global budget methodology for 2026 (which will be consistent with AHEAD Model participation requirements).
- A continued evolution of the fixed payments that have gone through the ACO model until now, maintaining:
 - Medicaid revenue predictability for hospitals
 - Flexibility in service delivery and incentives for higher-value care and population health
 - Budget predictability for the Medicaid program