

LSA NUMBER: #10-793

TITLE: Medicaid Providers and Services—Reimbursement for Services Performed by Physicians, Limited License Practitioners, and Nonphysician Practitioners

DIVISION: Office of Medicaid Policy and Planning

PREPARED BY: Program Staff: Kristine Ellerbruch and Joy Heim

OVERVIEW OF RULE: This rule amends 405 IAC 1-11.5-2 to modify Medicaid reimbursement formulas by reducing rates currently paid to chiropractors and podiatrists by five percent for the period beginning upon the later of the effective date of this rule or June 27, 2011, and continuing through June 30, 2013, and to extend the expiration date of the five percent reimbursement reduction in dental services billed using current dental terminology (CDT) codes by revising the expiration date of June 30, 2011, found at LSA Document # 10-168, to June 30, 2013, and codifying it in this rule. The modification of the rates paid to chiropractors and podiatrists began on January 1, 2011 via an emergency rule promulgation.

FISCAL IMPACT:

The estimated decrease in annual Medicaid expenditures for chiropractic services for this rule amendment is as follows:

	SFY 2011	SFY 2012	SFY 2013
Total Medicaid	\$140,000	\$350,000	\$380,000
Federal Share	\$100,000	\$240,000	\$260,000
State Share	\$40,000	\$110,000	\$130,000

The estimated decrease in annual Medicaid expenditures for podiatric services for this rule amendment is as follows:

	SFY 2011	SFY 2012	SFY 2013
Total Medicaid	\$70,000	\$180,000	\$200,000
Federal Share	\$50,000	\$120,000	\$140,000
State Share	\$20,000	\$60,000	\$30,000

The estimated decrease in annual Medicaid expenditures for dental services for this rule amendment

	SFY 2011	SFY 2012	SFY 2013
Total Medicaid	\$12,000,000	11,260,000	\$12,880,000
Federal Share	\$8,290,000	\$7,530,000	\$8,620,000
State Share	\$3,710,000	\$3,730,000	\$4,260,000

The decrease in annual Medicaid expenditures for this rule amendment, in total, is, as follows:

	SFY 2011	SFY 2012	SFY 2013
Total Medicaid	\$12,210,000	\$11,790,000	\$13,460,000
Federal Share	\$8,440,000	\$7,890,000	\$9,020,000
State Share	\$3,770,000	\$3,900,000	\$4,420,000

The estimated savings for both chiropractic and podiatric services represent services provided to the fee-for-service population and the managed care population. This includes the estimated decrease in managed care organization (MCO) payments to providers. The estimated savings for dental services represents services provided to the fee-for-service population only.

ECONOMIC IMPACT:

The proposed rule would decrease all reimbursements paid to chiropractors and podiatrists by 5% through June 30, 2013. The current rate reduction for dental services would be extended through June 30, 2013, as well. The FSSA OMPP is proceeding with this proposed rule due to budgetary constraints. The resulting savings of this proposed rule will help FSSA OMPP in meeting budgetary obligations. The above fiscal information is the economic impact on these providers.

The proposed reimbursement change is an equitable rate reduction to all providers at a level that produces considerable savings for the State. The rate reduction is time limited and is removed for rates effective July 1, 2013.

The proposed rule does not directly increase administrative or compliance costs for regulated entities. However, a reduction in reimbursement may result in a loss of profit for some providers. This loss of profit may lead some providers to change business practices or some providers may choose to no longer be Medicaid providers.

OPPONENTS:

PROPONENTS: OMPP

RECOMMENDATIONS: None.

PUBLIC HEARING COMMENTS: The public hearing will be scheduled once the agency receives authorization to proceed from the Legislative Services Agency, which is estimated to be in early April 2011.