

LSA NUMBER: #10-167(F)

TITLE: Medicaid Providers and Services—Hospital and Ambulatory Surgical Center Reimbursement for Outpatient Services

DIVISION: Office of Medicaid Policy and Planning

PREPARED BY: Program Staff: Kristine Ellerbruch Legal Staff: Joy Heim

OVERVIEW OF RULE: This rule amends 405 IAC 1-8-3 to modify reimbursement for the technical component of outpatient radiology services by basing the rates paid to outpatient radiology providers on the Indiana Medicaid physician fee schedule rates for the radiology services technical component. This modification of this Medicaid reimbursement methodology began on April 1, 2010, via an emergency rule promulgation.

FISCAL IMPACT:

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

	SFY 2010 (\$ in millions)	SFY 2011 (\$ in millions)
Estimated Decrease in Medicaid Payments	<u>(\$1.2)</u>	<u>(\$4.8)</u>
Estimated Federal Share ¹	<u>(\$0.9)</u>	<u>(\$3.4)</u>
Estimated State Share ¹	<u>(\$0.3)</u>	<u>(\$1.4)</u>

To calculate the fiscal impact, Myers and Stauffer LC compared outpatient radiology reimbursement under the existing outpatient radiology rates to the estimated reimbursement under the physician fee schedule technical component rates. The difference between the existing rates and the physician fee schedule technical component rates becomes the estimated annual fiscal impact.

ECONOMIC IMPACT:

In the aggregate, this reimbursement change will reduce overall reimbursement for the technical component of radiology services submitted on the UB-04 claim form by \$1.2 million in SFY 2010 and \$4.8 million in SFY 2011. However, since this change aligns the outpatient radiology rates with the physician fee schedule rates, the reimbursement rate for each radiology procedure code may increase or decrease. Thus, the actual fiscal impact to individual providers will vary, depending on the specific radiology services provided.

OPPONENTS: Providers of outpatient radiology services

PROPOSERS: OMPP

RECOMMENDATIONS: None.

PUBLIC HEARING COMMENTS: The public hearing was held on Thursday, August 5, 2010. There were no public comments.

¹ For the period 4/1/2010 through 12/31/2010, the Federal Medical Assistance Percentage (FMAP) rate used is the enhanced FMAP rate determined under the American Recovery and Reinvestment Act (ARRA) of 2009 that applies for the period 1/1/2010 through 3/31/2010. The enhanced FMAP rate may change on a quarterly basis through 12/31/2010 as a result of this legislation. For the period from 1/1/2011 through 6/30/2011, the FMAP rate used is the FFY 2011 FMAP rate published in the Federal Register, volume 74, No. 227, dated November 27, 2009.