



PHYSICIAN RATE UPDATES EFFECTIVE JULY 1, 2023

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Agenda

- ❑ Introductions
- ❑ Regulations
- ❑ Data Sources
- ❑ Assumptions
- ❑ Rate Calculation Process
- ❑ Results
- ❑ Summary

Regulations

12VAC30-80-190 Fee Schedule for RBRVS

Relative Value Units (RVUs) and Conversion Factors (CFs)

- Fee schedule based on Resource Based Relative Value Scale (RBRVS)
- This fee schedule uses relative value units (RVUs)
 - RVUs are developed by CMS and are updated quarterly
 - Non-facility and facility RVUs are used to set OP and IP rates respectively depending on the site of service
- RBRVS-based fees are calculated using conversion factors (CFs)
 - Physician fee schedule CFs are published by CMS
 - FY24 CF: 33.8872

Regulations

12VAC30-80-190 Fee Schedule for RBRVS

Budget Neutrality Factors (BNFs)

- The CMS CFs are adjusted by BNF
 - Keeps the RBRVS-based fee schedule budget neutral

$$\text{BNF} = \text{Est. DMAS Expenditures} / \text{Est. Medicare Expenditures}$$

$$\text{Est. DMAS Expenditures} = \text{Existing DMAS Fee} * \# \text{ of Occurrences}$$

$$\text{Est. Medicare Expenditures} = \text{RVU} * \text{CF} * \# \text{ of Occurrences}$$

Regulations

12VAC30-80-190 Fee Schedule for RBRVS

Budget Neutrality Factors (BNFs) Continued

- **Seven BNF categories** that are defined based on the American Medical Association's publication of the Current Procedural Terminology (CPT) codes
 1. Emergency Room Services
 2. Obstetrical/Gynecological Services
 3. Pediatric Preventive Services
 4. Pediatric Primary Services
 5. Adult Primary and Preventive Services
 6. Psychiatric Services
 7. All Other Procedures

Regulations

12VAC30-80-190 Fee Schedule for RBRVS

Range Factors (RNGFACs)

- If no RVU assigned to a CPT code, DMAS approximates a reasonable payment level
 - DMAS creates a range factor (RNGFAC) to assist with this approximation
- **RNGFAC** = Total Paid New DMAS Fee / Total Paid Existing DMAS Fee
- **Eight RNGFAC** categories that are defined based on the chapters outlined in the American Medical Association's CPT codebook
 1. Surgery
 2. Obstetrics
 3. Diagnostic Radiology & Ultrasound
 4. Radiation Oncology
 5. Surgical Pathology
 6. Psychiatry
 7. Evaluation & Management
 8. All Others

Data Sources

- April release of CMS Relative Value Files
 - Relative value units
 - Conversion factor
- New procedure codes release from CMS
- DMAS Fee Files
 - Current procedure code rates
- DMAS claims data from the most recent full state fiscal year
 - July 1, 2021 – June 30, 2022

Assumptions

- Rate updates are based on 2022 Appropriation Act
 - No additional BNF categories assigned
 - No additional rate increases incurred

Rate Calculation Process

- Verify budget neutrality factor category CPT code ranges
- Pull all physician fee-for-service and encounter claims from the most recent state fiscal year to determine combined utilization of each procedure code
 - SFY2022 (July 1, 2021 – June 30, 2022)

Rate Calculation Process

- Calculate new budget neutrality factors
 - Estimated DMAS Expenditures / Estimated Medicare Expenditures

	<i>a</i>	<i>b</i>	<i>b/a</i>
	Medicare Payment	DMAS Payment	Budget Neutrality Factor (rounded)
ER	\$ 118,518,065	\$ 80,495,178	0.6792
OB GYN	93,748,232	89,300,277	0.9526
Pediatrics	237,880,484	173,281,613	0.7284
Preventive Pediatrics	60,327,287	44,513,901	0.7379
Primary Care	489,864,823	358,564,873	0.7320
Psychiatric Services	163,208,019	167,793,986	1.0281
All Others	364,478,475	307,322,387	0.8432
Total	1,528,025,384	1,221,272,214	0.7992

Rate Calculation Process

- Calculate new range factors
 - Total Paid New DMAS Fee / Total Paid Existing DMAS Fee

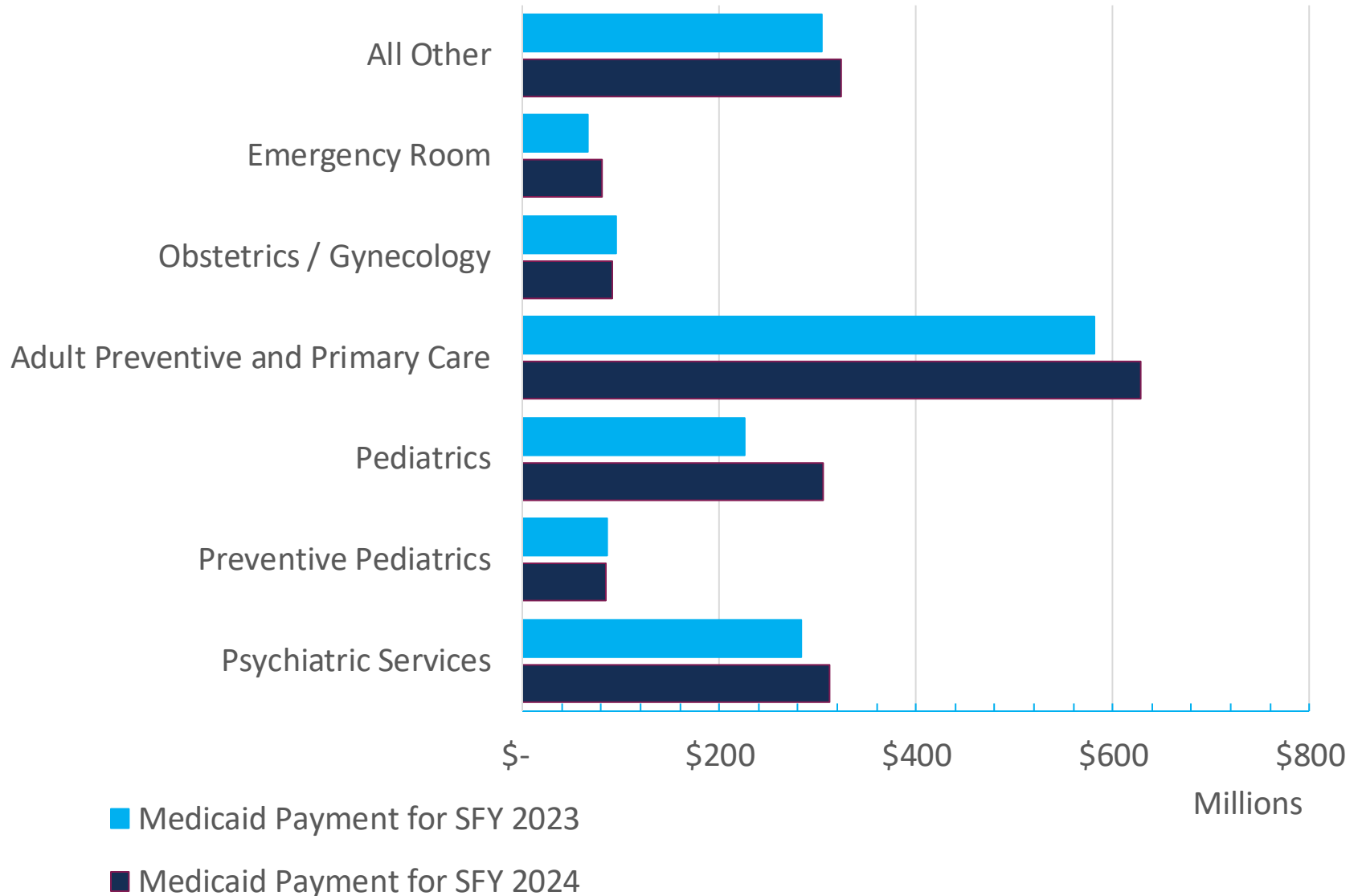
	<i>a</i>	<i>b</i>	<i>b/a</i>
	Previous Fee – Total Paid	New Fee – Total Paid	Range Factor (rounded)
Surgery	\$ 129,428,789.80	\$ 130,444,802.29	1.0078
Obstetrics	60,669,515.81	60,858,134.85	1.0031
Diagnostic Radiology & Ultrasound	66,541,735.21	66,915,385.90	1.0056
Radiation Oncology	3,064,561.73	3,052,069.03	0.9959
Surgical Pathology	5,254,564.01	5,338,147.12	1.0159
Psychiatry	164,081,528.05	164,039,337.85	0.9997
Evaluation & Management	657,549,682.51	657,436,789.98	0.9998
All Others	139,660,856.39	133,201,918.57	0.9538
Total	1,226,251,234	1,221,286,586	0.9960

Rate Calculation Process

- **Rebase rates**
 - If RVUs → $RVU * CF * BNF$
 - If no RVUs → $Existing\ DMAS\ Fee * RNGFAC$
- Examples: 'All Others' BNF and RNGFAC categories
 - **CPT Code 94780**
 - Facility RVU = 0.70
 - Facility Rate = $0.70 * 33.8872 * 0.8432 = 20.00$
 - Non-facility RVU = 1.54
 - Non-facility Rate = $1.54 * 33.8872 * 0.8432 = 44.00$
 - **CPT Code 94777**
 - Facility and Non-facility RVU = 0.00
 - Existing DMAS Fee = 17.96
 - Rate = $17.96 * 0.9538 = 17.13$

RBRVS Results

(in Millions)



Summary

- Overall, Virginia Medicaid fee-for-service provider rates will increase at a rate higher than that for Medicare provider rates
 - The new rates will be in effect beginning July 1, 2023
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