

# 2022 Medicaid Provider Rate Review Recommendation Report – DRAFT

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**Submitted to: The Joint Budget Committee and the Medicaid Provider Rate Review Advisory Committee**

**NOTE: The following report contains the Department's draft recommendations; the final report is due to the JBC and MPRRAC on November 1, 2022. Anything in this draft is subject to change based on, but not limited to, the following:**

- **Stakeholder comments or feedback**
- **Committee feedback**
- **New evidence**
- **Analyses and research conducted by Department staff**

## Executive Summary

This report contains the Colorado Department of Health Care Policy & Financing’s (the Department) review of rates paid to specific provider types under the Colorado Medical Assistance Act. Services under review this Year Two of the second five-year review cycle - are listed in the table below.

Rate Review - Year Two (Cycle Two) Services	
<b>Physician Services</b>	<i>Primary Care/Evaluation &amp; Management</i>
<i>Cardiology</i>	<i>Radiology</i>
<i>Cognitive Capabilities Assessment</i>	<i>Respiratory</i>
<i>Ear, Nose, and Throat</i>	<i>Vaccines &amp; Immunizations</i>
<i>Gastroenterology</i>	<i>Vascular</i>
<i>Health Education</i>	<i>Women’s Health &amp; Family Planning</i>
<i>Ophthalmology</i>	<i>Other Physician Services</i>
<b>Dialysis &amp; Nephrology</b>	<b>Eyeglasses &amp; Vision</b>
<b>Laboratory &amp; Pathology</b>	<b>Injections &amp; Miscellaneous J-Codes</b>
<b>Physical, Occupational, &amp; Speech Therapy (PT/OT/ST) and Home Health PT/OT/ST</b>	<b>Specialty Drugs</b>

Table 1. Rate Review Year Two (Cycle Two) Services

The Rate Review Process is informed by rate benchmark comparisons, access analyses, stakeholder feedback, and Medicaid Provider Rate Review Advisory Committee (MPRRAC) feedback.

This report contains a summary of findings, key considerations, and Department recommendations for each service.

Medicare rates were used as the primary rate benchmark for six of the seven categories of service: Physician Services, Dialysis & Nephrology, Eyeglasses & Vision, Laboratory & Pathology, Injections & Miscellaneous J-Codes, and PT/OT/ST.

Service rates paid by an average of comparable Medicaid states were used as the benchmark comparison for home health PT/OT/ST.<sup>1</sup>

The Department's recommendations for each service grouping are summarized below.

### Physician Services

#### Cardiology

The Department found the payment rate for cardiology services was 90.7% of the benchmark; Colorado payments varied between 35.0%-358.1% of Medicare and an average of two other states’ Medicaid rates.<sup>2</sup>

The Department recommends:

<sup>1</sup> For more information regarding benchmarks, including benchmark descriptions and methodologies, see the 2022 Medicaid Provider Rate Review Analysis Report.

<sup>2</sup> Of the 181 procedure codes analyzed in this service grouping, 177 were compared to Medicare, and four were compared to an average of two other states’ Medicaid rates. States used in the cardiology rate comparison analysis were Nevada and Oregon. For more details on cardiology rate comparisons, see Appendix B.



1. Rebalancing cardiology rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>3</sup>

### Cognitive Capabilities Assessment

The Department found the payment rate for cognitive capabilities assessment services was 127.2% of the benchmark; Colorado payments varied between 69.0%-378.7% of Medicare and an average of six other states' Medicaid rates.<sup>4</sup>

The Department recommends:

1. Rebalancing cognitive capabilities assessment rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>5</sup>

### Ear, Nose, and Throat (ENT)

The Department found the payment rate for ear, nose, and throat (ENT) services was 76.4% of the benchmark; Colorado payments varied between 5.4%-835.4% of Medicare and an average of three other states' Medicaid rates.<sup>6</sup>

The Department recommends:

1. Rebalancing ENT rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>7</sup>

### Gastroenterology

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<sup>3</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>4</sup> Of the 12 procedure codes analyzed in this service grouping, 11 were compared to Medicare, and one was compared to an average of two other states' Medicaid rates. States used in the cognitive capabilities assessment rate comparison analysis were Arizona, Oklahoma, Nebraska, Utah, Nevada, and Oregon. For more details on cognitive capabilities assessment rate comparisons, see Appendix B.

<sup>5</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>6</sup> Of the 51 procedure codes analyzed in this service grouping, 46 were compared to Medicare, and five were compared to an average of three other states' Medicaid rates. States used in the ENT rate comparison analysis were Arizona, Oklahoma, and Oregon. For more details on cognitive capabilities assessment rate comparisons, see Appendix B.

<sup>7</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.



The Department found the payment rate for gastroenterology services was 63.5% of the benchmark; Colorado payments varied between 20.6%-107.9% of Medicare.<sup>8</sup>

The Department recommends:

1. Rebalancing gastroenterology rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>9</sup>

### Health Education

The Department found the payment rate for gastroenterology services was 62.4% of the benchmark; Colorado payments varied between 51.3%-1,058.2% of Medicare and an average of three other states' Medicaid rates.<sup>10</sup>

The Department recommends:

1. Rebalancing health education rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>11</sup>

### Ophthalmology

The Department found the payment rate for ophthalmology services was 78.2% of the benchmark; Colorado payments varied between 12.2%-331.2% of Medicare and an average of six other states' Medicaid rates.<sup>12</sup>

The Department recommends:

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<sup>8</sup> All 19 procedure codes analyzed in this service grouping were compared to Medicare. For more details on gastroenterology rate comparisons, see Appendix B.

<sup>9</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>10</sup> Of the nine procedure codes analyzed in this service grouping, two were compared to Medicare, and seven were compared to an average of five other states' Medicaid rates. States used in the health education rate comparison analysis were Arizona, Oklahoma, Utah, Nevada, and Oregon. For more details on health education rate comparisons, see Appendix B.

<sup>11</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>12</sup> Of the 49 procedure codes analyzed in this service grouping, 41 were compared to Medicare, and seven were compared to an average of six other states' Medicaid rates. States used in the ophthalmology rate comparison analysis were Arizona, Oklahoma, Nebraska, Utah, Nevada, and Oregon. For more details on ophthalmology rate comparisons, see Appendix B.



1. Rebalancing ophthalmology rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>13</sup>
2. Educating providers on appropriate codes for highly specialized and custom services.

### Primary Care/Evaluation & Management (E&M)

The Department found the payment rate for primary care/E&M services was 83.2% of the benchmark; Colorado payments varied between 37.3%-194.0% of Medicare and an average of six other states' Medicaid rates.<sup>14</sup>

The Department recommends:

1. Rebalancing Primary Care/E&M rates and will evaluate individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>15</sup>

### Radiology

The Department found the payment rate for radiology services was 90.6% of the benchmark; Colorado payments varied between 9.5%-389.0% of Medicare and an average of six other states' Medicaid rates.<sup>16</sup>

The Department recommends:

1. Rebalancing radiology rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>17</sup>

### Respiratory

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<sup>13</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>14</sup> Of the 116 procedure codes analyzed in this service grouping, 90 were compared to Medicare, and 26 were compared to an average of six other states' Medicaid rates. States used in the primary care/E&M rate comparison analysis were Arizona, Oklahoma, Nebraska, Utah, Nevada, and Oregon. For more details on primary care/E&M rate comparisons, see Appendix B.

<sup>15</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>16</sup> Of the 492 procedure codes analyzed in this service grouping, 482 were compared to Medicare, and ten were compared to an average of six other states' Medicaid rates. States used in the radiology rate comparison analysis were Arizona, Oklahoma, Nebraska, Utah, Nevada, and Oregon. For more details on radiology rate comparisons, see Appendix B.

<sup>17</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.



The Department found the payment rate for respiratory services was 97.5% of the benchmark; Colorado payments varied between 39.9%-141.8% of Medicare and an average of six other states' Medicaid rates.<sup>18</sup>

The Department recommends:

1. Rebalancing respiratory rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>19</sup>

### Vaccines & Immunization

The Department found the payment rate for vaccines & immunization services was 107.9% of the benchmark; Colorado payments varied between 36.8%-284.7% of Medicare and an average of six other states' Medicaid rates.<sup>20</sup>

The Department recommends:

1. Rebalancing vaccines & immunization services rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>21</sup>

### Vascular

The Department found the payment rate for vascular services was 121.2% of the benchmark; Colorado payments varied between 48.4%-310.7% of Medicare and an average of six other states' Medicaid rates.<sup>22</sup>

The Department recommends:

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<sup>18</sup> Of the 30 procedure codes analyzed in this service grouping, 28 were compared to Medicare, and two were compared to an average of six other states' Medicaid rates. States used in the respiratory rate comparison analysis were Arizona, Oklahoma, Nebraska, Utah, Nevada, and Oregon. For more details on respiratory rate comparisons, see Appendix B.

<sup>19</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>20</sup> Of the 45 procedure codes analyzed in this service grouping, five were compared to Medicare, and 40 were compared to an average of six other states' Medicaid rates. States used in the vaccines & immunizations rate comparison analysis were Arizona, Oklahoma, Nebraska, Utah, Nevada, and Oregon. For more details on vaccines & immunizations rate comparisons, see Appendix B.

<sup>21</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>22</sup> Of the 25 procedure codes analyzed in this service grouping, 23 were compared to Medicare, and two were compared to an average of six other states' Medicaid rates. States used in the vascular rate comparison analysis were Arizona, Oklahoma, Nebraska, Utah, Nevada, and Oregon. For more details on vascular rate comparisons, see Appendix B.



1. Rebalancing vascular rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>23</sup>

### Women's Health & Family Planning

The Department found the payment rate for women's health and family planning services was 83.4% of the benchmark; Colorado payments varied between 36.3%-194.3% of Medicare and an average of six other states' Medicaid rates.<sup>24</sup>

The Department recommends:

1. Rebalancing women's health and family planning rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>25</sup>
2. Increasing E&M rates with the FP modifier services rates to align with the same service rates paid to other provider types.

### Other Physician Services

The Department found the payment rate for other physician services was 83.7% of the benchmark; Colorado payments varied between 4.0%-429.4% of Medicare and an average of six other states' Medicaid rates.<sup>26</sup>

The Department recommends:

1. Rebalancing other physician services rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>27</sup>

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<sup>23</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>24</sup> Of the 64 procedure codes analyzed in this service grouping, 43 were compared to Medicare, and 21 were compared to an average of six other states' Medicaid rates. States used in the women's health and family planning rate comparison analysis were Arizona, Oklahoma, Nebraska, Utah, Nevada, and Oregon. For more details on women's health and family planning rate comparisons, see Appendix B.

<sup>25</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>26</sup> Of the 265 procedure codes analyzed in this service grouping, 221 were compared to Medicare, and 44 were compared to an average of six other states' Medicaid rates. States used in the other physician services rate comparison analysis were Arizona, Oklahoma, Nebraska, Utah, Nevada, and Oregon. For more details on other physician services rate comparisons, see Appendix B.

<sup>27</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.



## Dialysis & Nephrology Services

### Facility-Based Payments

The Department found the payment rate for dialysis facility-based services was 78.5% of the benchmark; Colorado payments varied between 75.5%-80.2% of Medicare regional rates.<sup>28</sup>

The Department recommends:

1. Increasing dialysis facility-based services rates to 80% of the benchmark.
2. Investigating innovative methods for encouraging providers to help patients switch to Medicare when eligible.<sup>29</sup>

### Professional Procedure Codes

The Department found the payment rate for dialysis professional services was 61.1% of the benchmark; Colorado payments varied between 26.9%-104.0% of Medicare and an average of three other states' Medicaid rates.<sup>30</sup>

The Department recommends:

1. Increasing dialysis professional services rates to 80% of the benchmark.
2. Investigating innovative methods for encouraging providers to help patients switch to Medicare when eligible.<sup>31</sup>

## Laboratory & Pathology Services

The Department found the payment rate for laboratory & pathology (laboratory) services was 93.7% of the benchmark; Colorado payments varied between 6.9%-178.3% of Medicare and an average of seven other states' Medicaid rates.<sup>32</sup>

The Department recommends:

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<sup>28</sup> All revenue codes analyzed in this service grouping were compared to Medicare. For more details on dialysis facility-based service payments rate comparisons, see Appendix C.

<sup>29</sup> Members are eligible for Medicare on day 1 of in-home treatment and day 91 of facility treatment.

<sup>30</sup> Of the 19 procedure codes analyzed in this service grouping, 18 were compared to Medicare, and one was compared to an average of three other states' Medicaid rates. States used in the dialysis professional services rate comparison analysis were Arizona, Nevada, and Oregon. For more details on dialysis professional services rate comparisons, see Appendix C.

<sup>31</sup> Members are eligible for Medicare on day 1 of in-home treatment and day 91 of facility treatment.

<sup>32</sup> Of the 984 procedure codes analyzed in this service grouping, 963 were compared to Medicare, and 21 were compared to an average of seven other states' Medicaid rates. States used in the laboratory & pathology (laboratory) services rate comparison analysis were Arizona, California, Oklahoma, Nebraska, Utah, Nevada, and Oregon. For more details on laboratory services rate comparisons, see Appendix C.



1. Rebalancing laboratory service rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>33</sup>

## **Eyeglasses & Vision Services**

The Department found the payment rate for eyeglasses & vision (vision) services was 57.4% of the benchmark; Colorado payments varied between 14.0%-192.0% of Medicare and an average of six other states' Medicaid rates.<sup>34</sup>

The Department recommends:

1. Rebalancing vision service rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>35</sup>
2. Increasing rates for eyeglasses and frames to support members in acquiring appropriate corrective eyewear.

## **Injections & Miscellaneous J-Codes**

The Department found the payment rate for injections & miscellaneous J-codes was 95.6% of the benchmark; Colorado payments varied between 5.0%-184.9% of Medicare and an average of four other states' Medicaid rates.<sup>36</sup>

The Department recommends:

1. Increasing Injection & Miscellaneous J-Code rates that are currently under 80% of the benchmark to 80%-100% of the benchmark.

## **Out-of-Cycle Reviews**

### *Physical & Occupational Therapy (PT/OT)*

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<sup>33</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>34</sup> Of the 109 procedure codes analyzed in this service grouping, 99 were compared to Medicare, and ten were compared to an average of six other states' Medicaid rates. States used in the eyeglasses & vision (vision) services rate comparison analysis were Arizona, California, Oklahoma, Louisiana, Nevada, and Oregon. For more details on vision services rate comparisons, see Appendix C.

<sup>35</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>36</sup> Of the 12 procedure codes analyzed in this service grouping, nine were compared to Medicare, and three were compared to an average of four other states' Medicaid rates. States used in the injections & miscellaneous J-codes rate comparison analysis were California, Nebraska, Utah, and Oregon. For more details on injections & miscellaneous J-codes rate comparisons, see Appendix C.

The Department found the payment rate for PT/OT services was 91.0% of the benchmark; Colorado payments varied between 29.2%-1,604.1% of Medicare and an average of seven other states' Medicaid rates.<sup>37</sup>

The Department recommends:

1. Rebalancing PT/OT rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>38</sup>

### Speech Therapy (ST)

The Department found the payment rate for speech therapy services was 79.0% of the benchmark; Colorado payments varied between 17.4%-89.0% of Medicare and an average of five other states' Medicaid rates.<sup>39</sup>

The Department recommends:

1. Rebalancing ST rates and evaluating individual services that were identified to be below 80% of the benchmark and above 100% of the benchmark to identify services that would benefit from an immediate rate change.<sup>40</sup>

### Home Health PT/OT/ST

The Department found the payment rate for home health PT/OT/ST services was 100.2% of the benchmark; Colorado payments varied between 90.3%-111.9% an average of 11 other states' Medicaid rates.<sup>41</sup>

The Department recommends:

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<sup>37</sup> Of the 45 procedure codes analyzed in this service grouping, 40 were compared to Medicare, and five were compared to an average of seven other states' Medicaid rates. States used in the PT/OT services rate comparison analysis were Arizona, California, Oklahoma, Maine, Michigan, and Oregon. For more details on PT/OT services rate comparisons, see Appendix G.

<sup>38</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>39</sup> Of the 21 procedure codes analyzed in this service grouping, 20 were compared to Medicare, and one was compared to an average of five other states' Medicaid rates. States used in the ST services rate comparison analysis were Arizona, California, South Carolina, Nevada, and Minnesota. For more details on ST services rate comparisons, see Appendix G.

<sup>40</sup> This recommendation will allow the Department to adjust rates so that the deviation from the benchmark, and the methodology used to set said rates, is reasonable and consistent across services. The Department will conduct additional analysis to ensure rebalancing would not disproportionately, and adversely, impact individual providers in a manner that would affect member access and provider retention.

<sup>41</sup> All the revenue codes analyzed in this service grouping were compared to an average of 11 other states' Medicaid rates. States used in the home health PT/OT/ST services rate comparison analysis were California, Nebraska, Oregon, Idaho, Illinois, Louisiana, Maryland, North Carolina, Ohio, Washington, and Wisconsin. For more details on home health PT/OT/ST services rate comparisons, see Appendix G.

1. Investigating opportunities to better align rate reimbursement methodologies across similar services.

*Outpatient Hospital Specialty Drugs*

The Department found the payment rate for specialty drug services was 72% of the benchmark.

The Department recommends:

1. Implementing increased reimbursement methodology to more closely align with the total cost of net invoice, upon federal approval.

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