



Dear Supply Provider,

Effective July 1, 2021, the rate for procedure code S1040 was reduced. The rebalancing of this procedure code was identified through the Prosthetics, Orthotics and Supplies recommendation in the [2020 Medicaid Provider Rate Review Recommendation Report](#). This code did not have a Medicare benchmark and was rebalanced against Ohio, Oregon, and Texas rates; no rates for this procedure code were available from other comparison states used in the [2020 Medicaid Provider Rate Review Analysis Report](#) (Arizona, California, Louisiana, and Oklahoma). Once reviewed, this code was part of a budget request to rebalance to the Medicare benchmark for each code. The rebalance for this code was unique and has been retroactively determined to have been inappropriate based on provider feedback and impacts to access to care.

Effective immediately, the rate will be reverted to the original rate prior to the July 1, 2021, reduction. Claims paid since July 1, 2021, were reprocessed on September 3, 2021. Claims not reimbursed correctly based on this update will need to be manually adjusted via the Provider Web Portal.

A rate-setting project is being completed to determine what the appropriate rate for Cranial Remolding Orthosis should be. Stakeholders will have an opportunity to provide feedback on the proposed rate and rate setting methodology via public engagement to further inform the Department's rate setting methodology and final rate prior to its implementation.

Thank you,

Department of Health Care Policy & Financing

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