

New Mexico Provider Rate Benchmarking Study

Phase 1 Town Hall Meeting

Human Services Department
May 25, 2022

Agenda

1. Introduction
2. Project Background
 - Overview and Goals
 - Benchmark Considerations
 - Timeline and Stakeholder Engagement Process
3. Evaluation Methodology
 - Service Areas and Subgroups
 - Approach
4. Summary of Results
 - Overview
 - Results by Service Area
5. Upcoming Stakeholder Activities



Introduction



Introduction

**New Mexico Human Services
Department**

Nicole Comeaux

**New Mexico Human Services
Department**

Lorelei Kellogg

Mercer Team

Holly Brown

Katherine Long

Jacob Langerman

Mickey Morgan

Stacey Lampkin

Project Background

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Project Overview

Mercer is working with the New Mexico Human Services Department (HSD) to complete a comprehensive review of Medicaid provider reimbursement levels for all non-pharmacy services

The comprehensive review supports the following goals:

**To ensure access
to high-quality
care for Medicaid
members through
appropriate
reimbursement of
health care
services**

**To attract and
retain health care
providers in New
Mexico**

**To establish a
methodology,
process, and
schedule for
conducting routine
rate reviews**

This presentation accompanies the 'Provider Rate Benchmarking Study - Phase 1' Report posted on the HSD website.

Project Overview

The study is separated into two phases:

Phase 1	Phase 2
Professional Services Federally Qualified Health Centers (FQHC)/Rural Health Clinics (RHC)	Facility Services

Based on federal and state initiatives, HSD identified the following service categories as critical focus areas:

- Home- and community-based services (HCBS)
- Maternal and child health
- Primary care

Project Overview

The study includes:

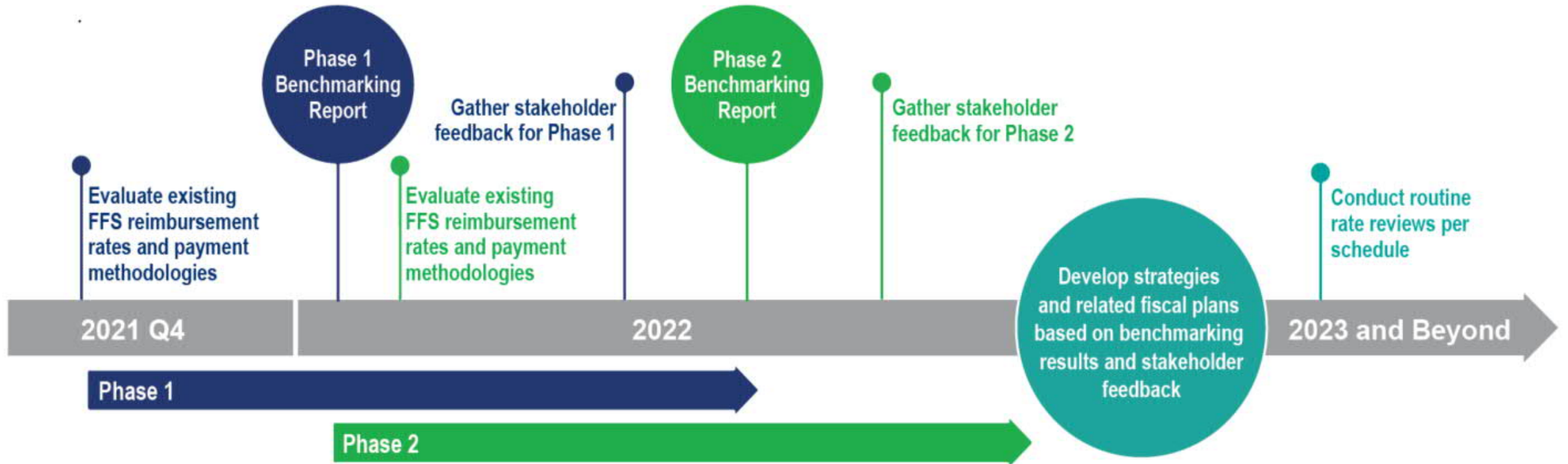
Summarizing and benchmarking Medicaid provider reimbursement levels in both the managed care and fee-for-service environments

Gathering feedback from interested Stakeholders

Identifying areas to improve and modernize existing payment methodologies

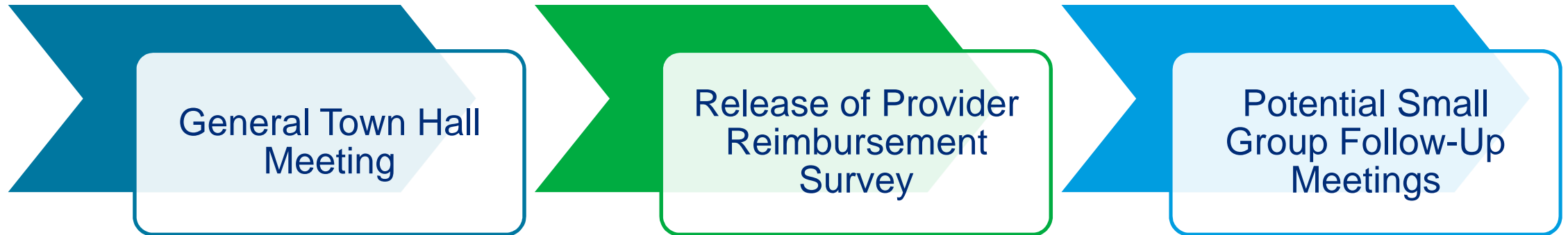
Providing observations and recommendations to HSD as a roadmap for updating and maintaining provider reimbursement

Project Timeline



Note: Phase 1 focuses on professional services and Phase 2 focuses on institutional services.

Phase 1 Stakeholder Engagement Activities



Evaluation Methodology

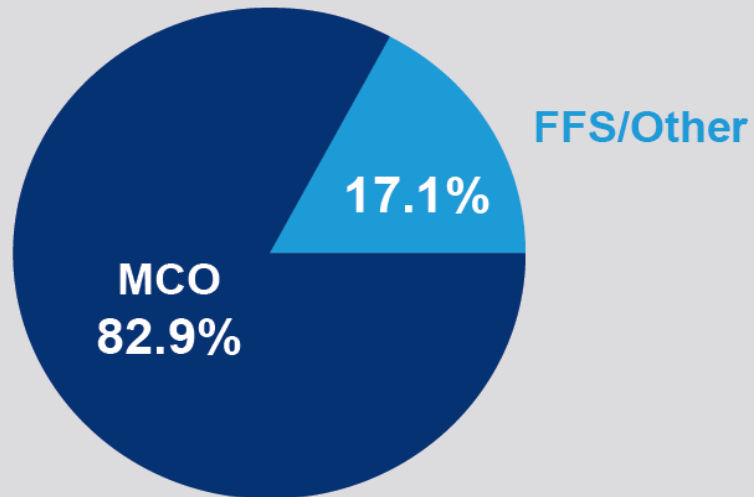
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Methodology Overview

- Under fee-for-service (FFS), HSD directly manages the reimbursement levels and methodologies
- Under managed care, managed care organizations (MCOs) establish their own payment terms with contracted provider networks

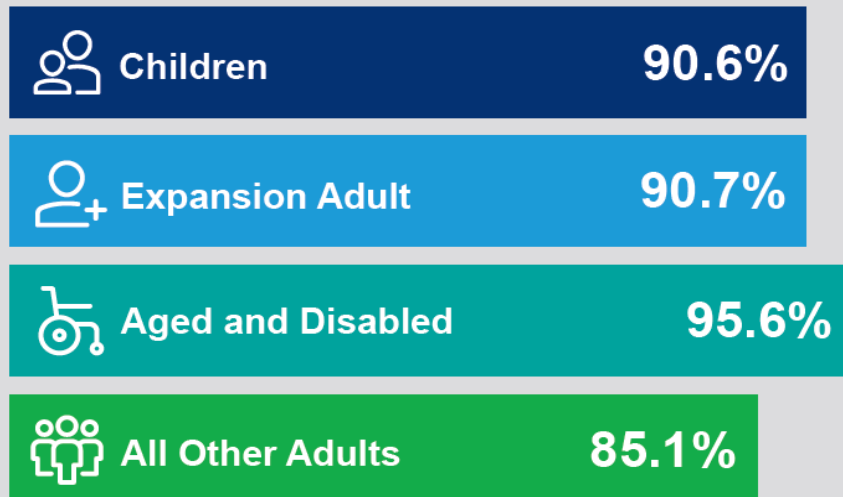
Medicaid program Delivery Systems

Enrollment by Delivery System



Source: KFF - State Health Facts (2019)

Managed Care Enrollment by Eligibility Group



Source: KFF - State Health Facts (July 1, 2021)

Methodology Overview

Compared New Mexico
Managed Care Payment
Levels to:



New Mexico FFS equivalent payments
For managed care encounter claims for a
service during CY2019

Compared New Mexico
Published FFS Rates to:



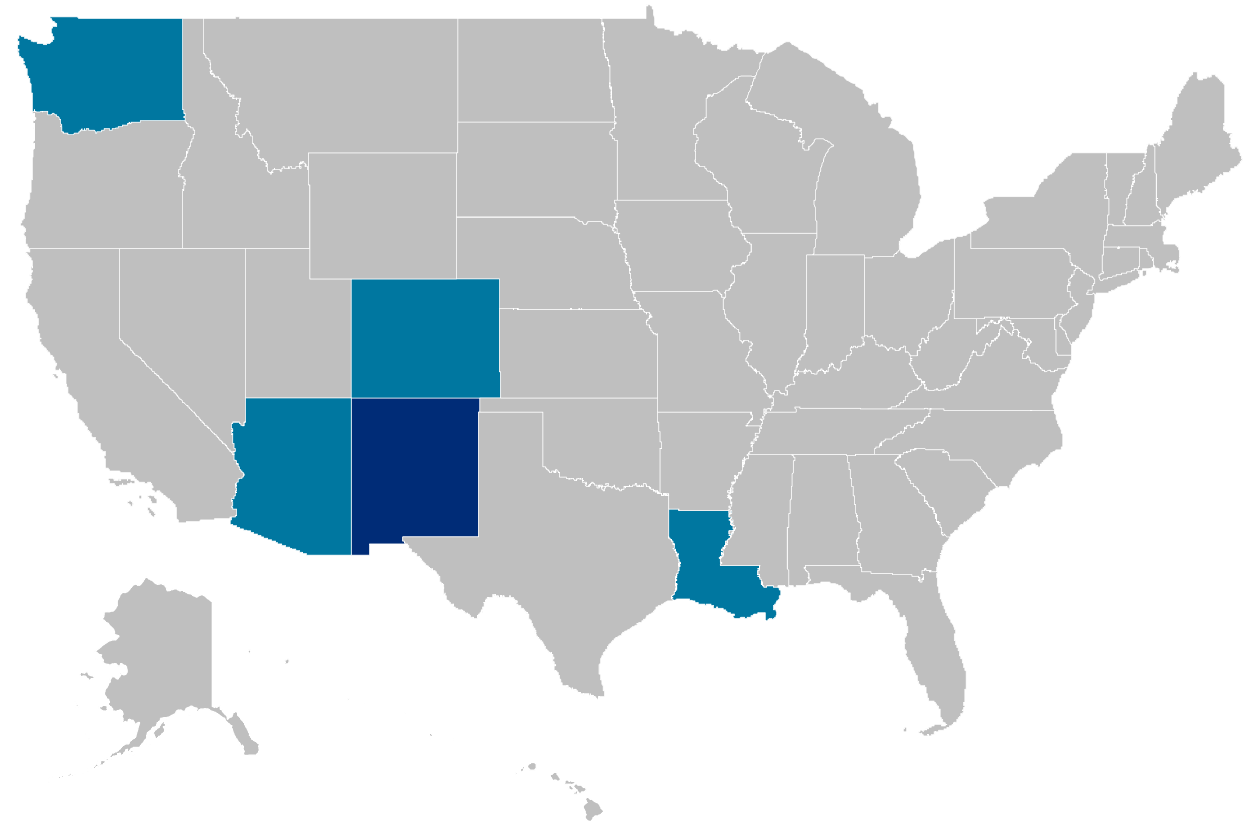
**Published 2021 FFS Rates for Medicare and
other state Medicaid programs (i.e., FFS
rate benchmarking)**

And noted any significant methodological
differences that could influence interpretation
of results

Benchmark Comparisons

Selected Arizona, Colorado, Louisiana and Washington for comparison purposes based on:

- **Structure and accessibility of fee schedules**
- **Geographic location**
- **Proportion of Medicaid coverage**
- **Type of delivery system**



Phase 1 Service Areas and Groupings

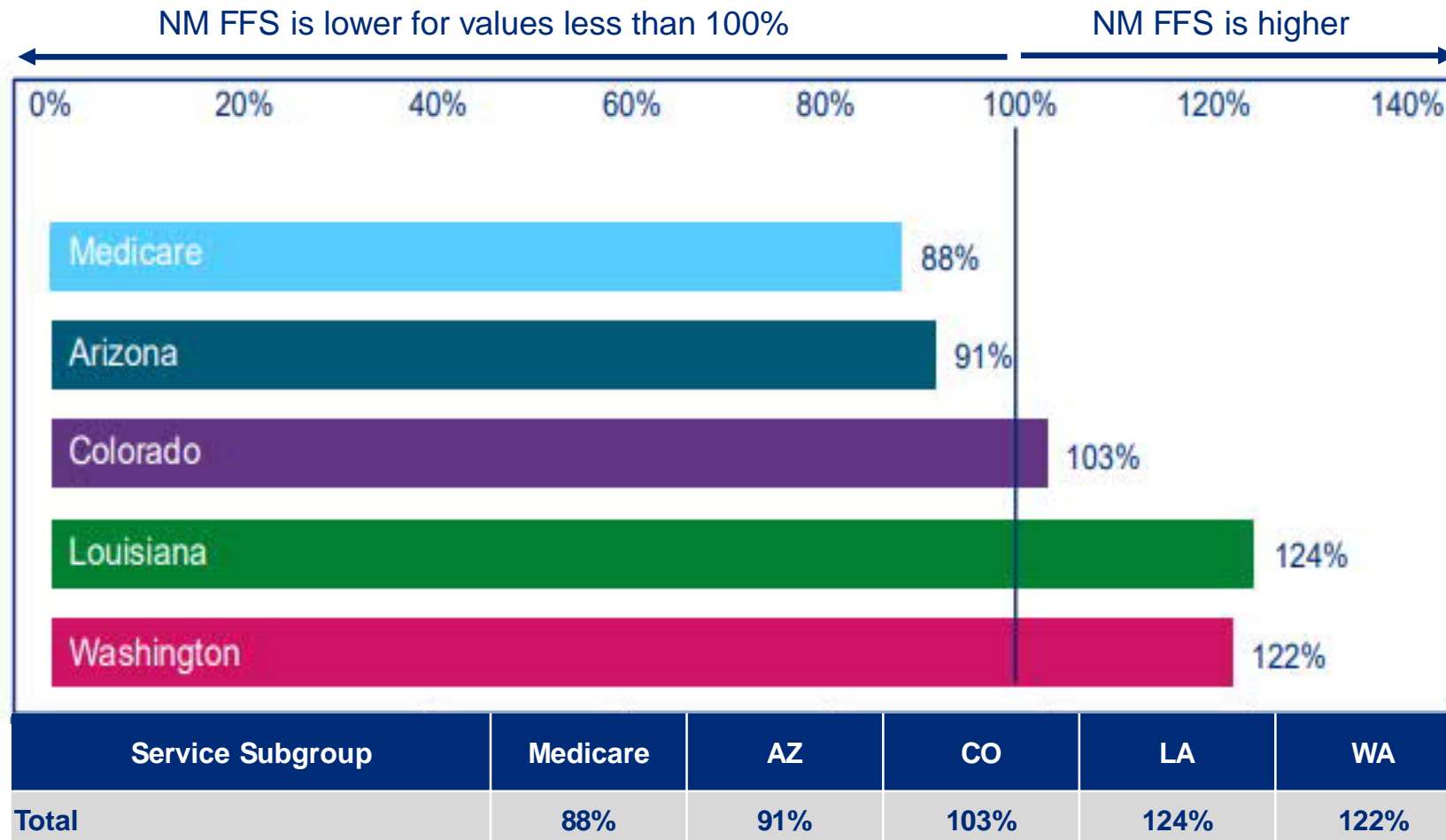
Subgroups	HCBS	Physician	Maternal & Child Health	Dental	Behavioral Health	HCPCS Level II	FQHC/RHC
	<ul style="list-style-type: none"> • 1115 Waiver Community Benefit • State Plan Case Management • 1915(c) Waiver Services 	<ul style="list-style-type: none"> • Evaluation & Management • Surgery • Radiology/Lab/Pathology • Medicine • Anesthesia 	<ul style="list-style-type: none"> • Maternity • Child Health & Early and Periodic Screening, Diagnosis and Treatment (EPSDT) • Newborn • Family Planning 	<ul style="list-style-type: none"> • Diagnostic/Preventative/Other • Orthodontics 	<ul style="list-style-type: none"> • General Behavioral Health (BH) • Opioid Treatment Programs • Applied Behavior Analysis 	<ul style="list-style-type: none"> • Non-Emergency Medical Transportation (NEMT) • Emergency Medical Transportation (EMT) • Physician-administered drugs (PAD) • Durable Medical Equipment (DME) • Other 	<ul style="list-style-type: none"> • FQHC • RHC

Summary of Results

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Overall Results

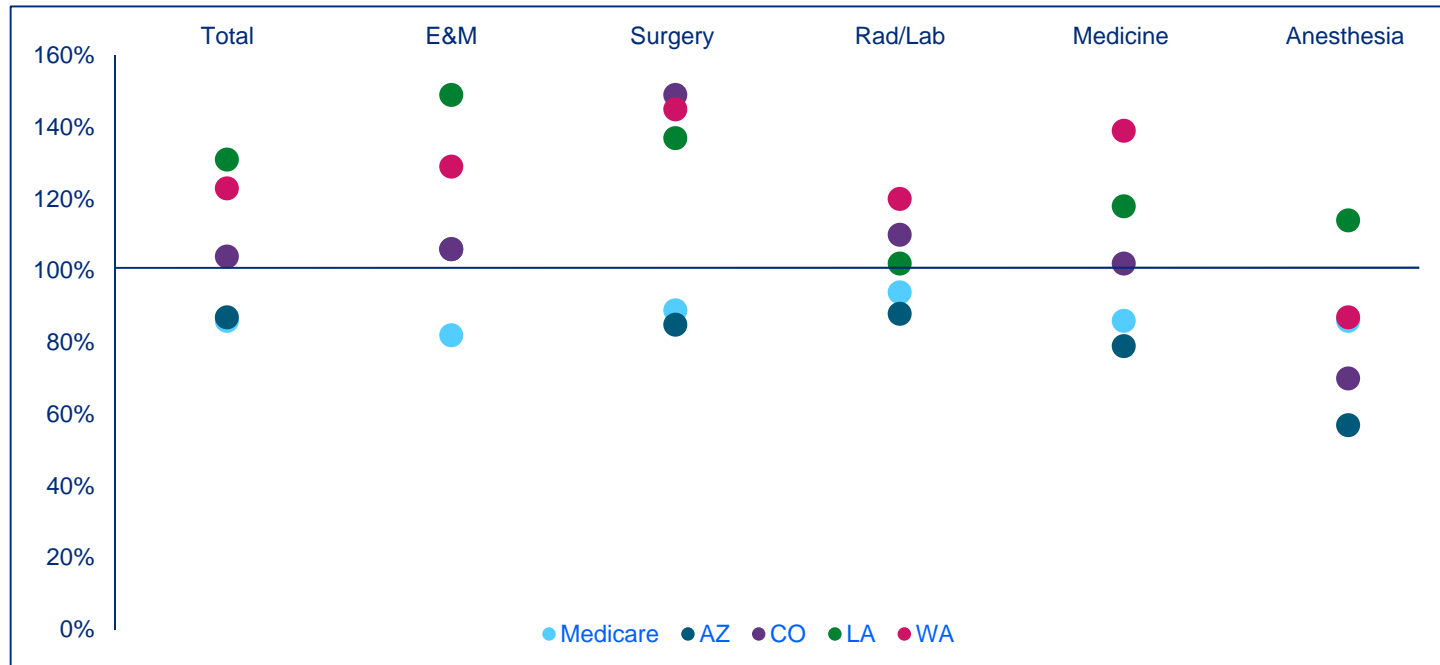
New Mexico Medicaid FFS Relativity to Each Benchmark



Physician & Other Practitioners

Medicaid FFS Benchmarking Results

Service area is \$442 million and accounts for 21% of total expenditures



Service Subgroup	CY2019
	FFSE
Total	95%
Evaluation & Management (50% of total expenditures)	101%
Surgery (19% of total expenditures)	107%
Radiology/Laboratory (17% of total expenditures)	100%
Medicine (11% of total expenditures)	100%
Anesthesia (3% of total expenditures)	30%

Physician & Other Practitioners

Observations & Considerations

Benchmarking

- Completed comparisons to Medicare and Other State Medicaid Programs



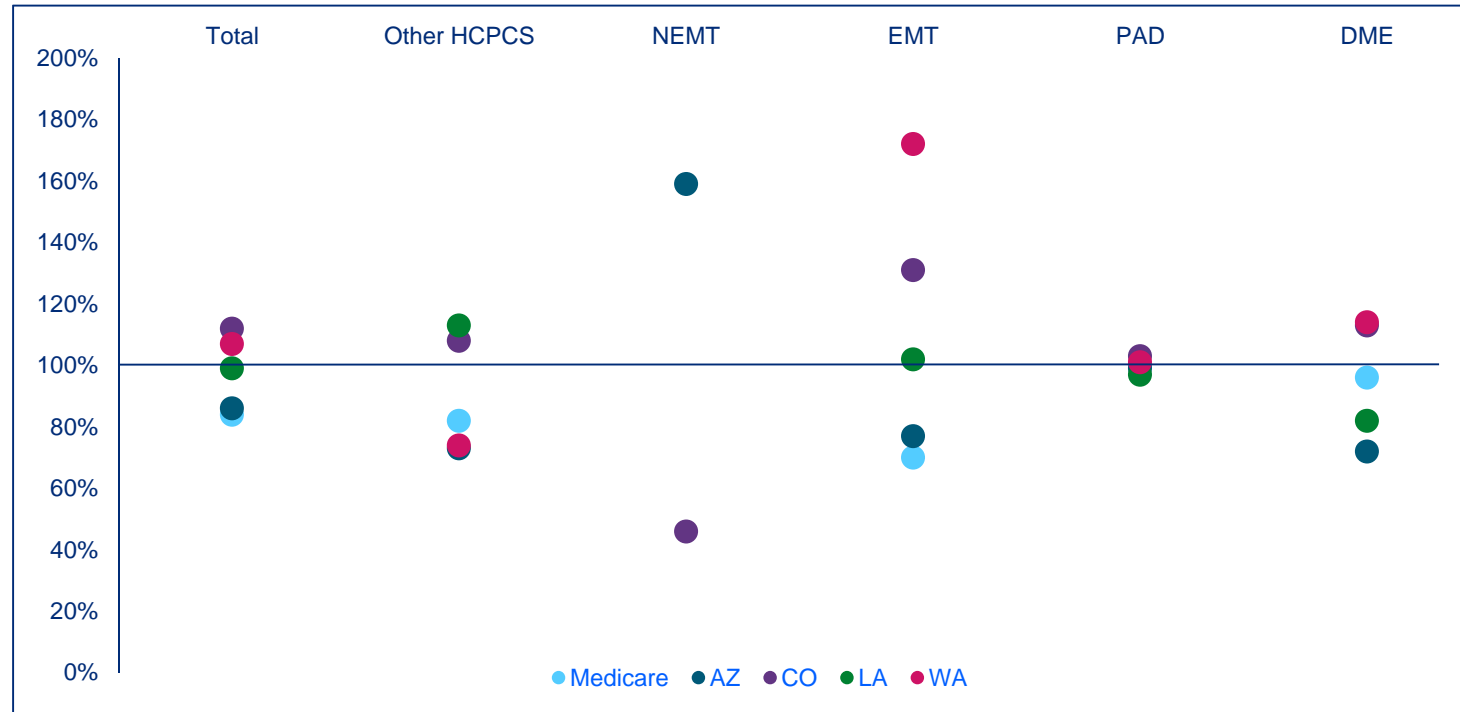
Observations/Considerations

- Half of expenditures in this service area are associated with Evaluation & Management
- Professional services in facility setting typically reimbursed lower
- Considered payment differentials based on modifiers or staff types (e.g., Nurse Practitioners)
- Identified anesthesia unit differences between FFS and encounter data

HCPCS Level II

Medicaid FFS Benchmarking Results

Service area is \$263 million and accounts for 12% of total expenditures



Service Subgroup	CY2019
	FFSE
Total	117%
Other HCPCS (27% of total expenditures)	97%
NEMT (23% of total expenditures)	226%
EMT (19% of total expenditures)	106%
Physician Administered Drugs (20% of total expenditures)	101%
DME (11% of total expenditures)	117%

HCPCS Level II

Observations & Considerations

Benchmarking

- Medicare comparisons not possible for:
 - EPSDT HCBS
 - NEMT
- Other State Medicaid Program comparison not possible for:
 - EPSDT HCBS since HCBS services vary by state

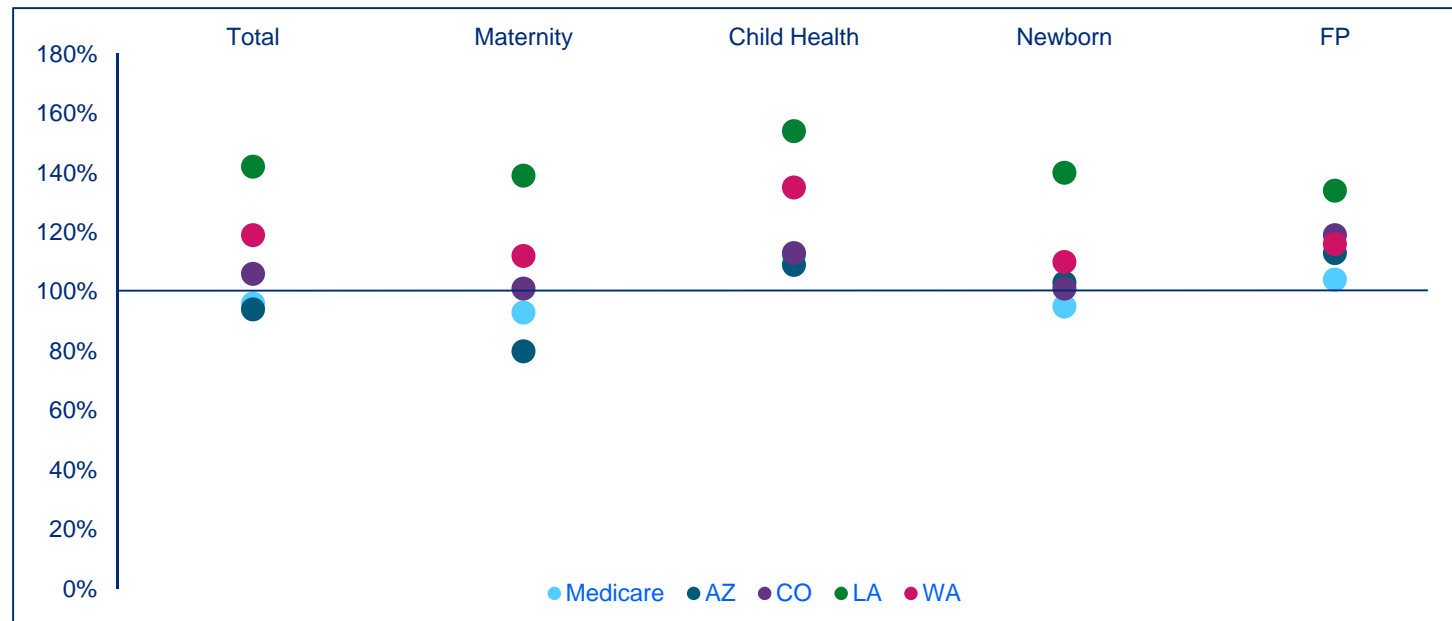
Observations/Considerations

- “Other HCPCS” is largest category, mostly comprised of EPSDT HCBS, medical/surgical supplies, DME, professional services, orthotic & prosthetic procedures
- MCOs sub-capitate many NEMT services
- PAD codes updated quarterly consistent with Medicare
- DME rates differ between rural/non-rural areas

Maternal & Child Health

Medicaid FFS Benchmarking Results

Service area is \$115 million and accounts for 5% of total expenditures analyzed



Service Subgroup	CY2019
	FFSE
Total	94%
Maternity (40% of total expenditures)	87%
Child Health (35% of total expenditures)	99%
Newborn (14% of total expenditures)	104%
Family Planning (11% of total expenditures)	95%

Maternal & Child Health

Observations & Considerations



Benchmarking

- Includes Medicare comparisons where available, but are not widely used due to the demographics of the covered populations

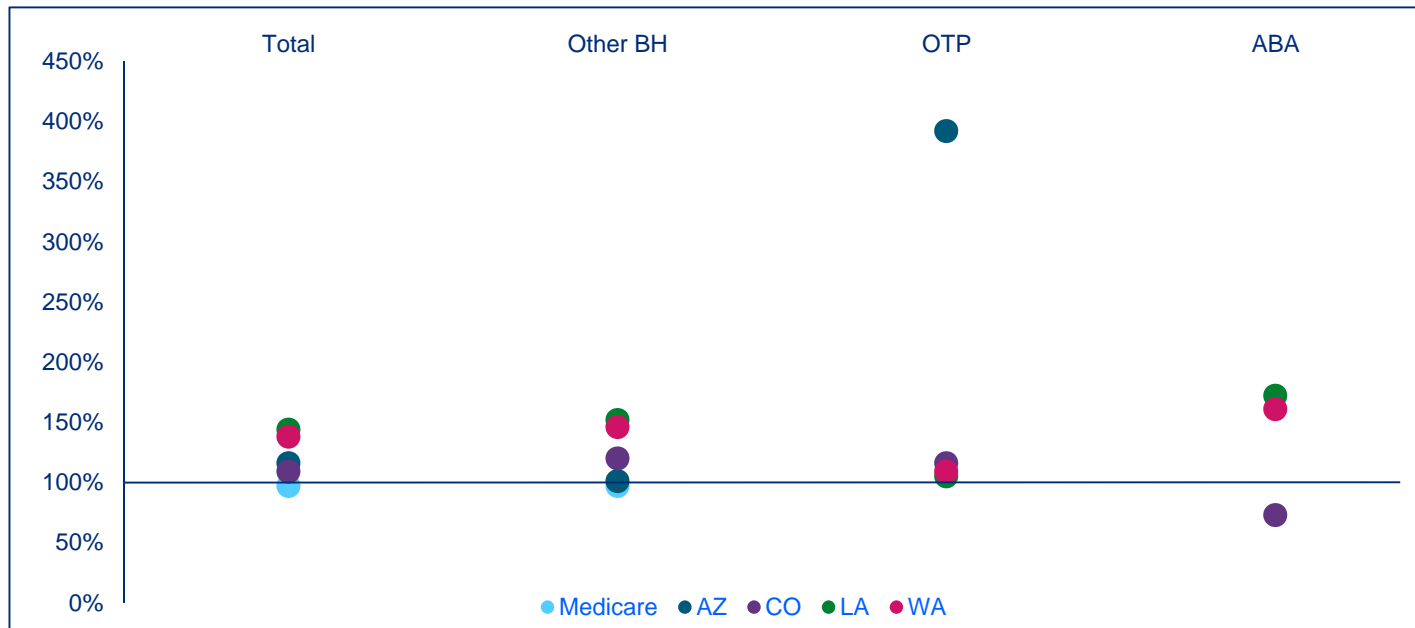
Observations/Considerations

- Majority of claims billed by physicians
- Category is driven by preventive office visits, immunizations, and obstetrical care
- Some child health rates vary by age for other states
- New Mexico providers primarily bill using bundled codes for maternity care

Behavioral Health

Medicaid FFS Benchmarking Results

Service area is \$183 million and accounts for 9% of total expenditures analyzed



Service Subgroup	CY2019
	FFSE
Total	100%
General BH (74% of total expenditures)	100%
Opioid Treatment Programs (15% of total expenditures)	99%
Applied Behavior Analysis (11% of total expenditures)	98%

Behavioral Health

Observations & Considerations

Benchmarking

- Medicare: HCPCS codes are not reimbursed by Medicare; benchmark primarily reflects CPT® codes captured exclusively on the BH fee schedule.
- Other State Medicaid program comparisons: Covered codes in this category vary by state

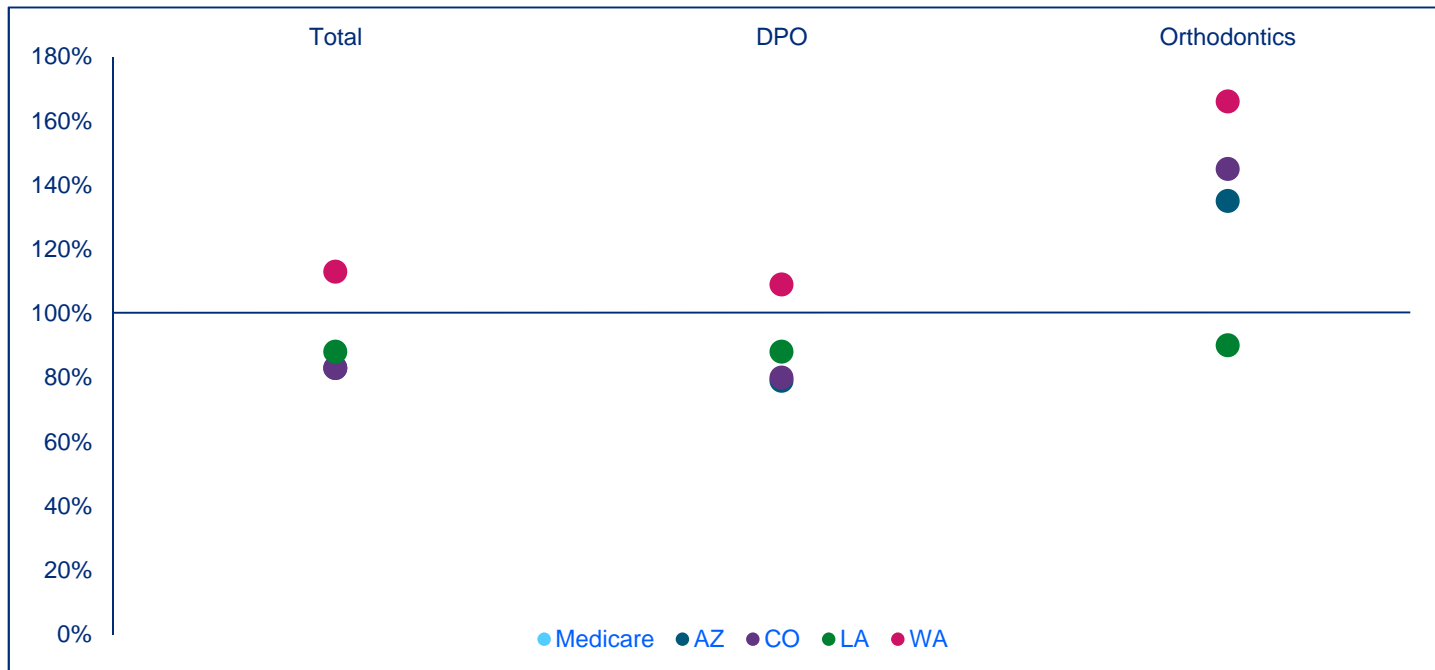
Observations/Considerations

- Only includes procedure codes with the BH, opioid treatment program, or applied behavioral analysis fee schedules
- New Mexico provider reimbursement for some services includes modifiers to vary by education level

Dental

Medicaid FFS Benchmarking Results

Service area is \$130 million and accounts for 6% of total expenditures analyzed



Service Subgroup	CY2019
	FFSE
Total	95%
Diagnostic/Preventive/Other (91% of total expenditures)	96%
Orthodontics (9% of total expenditures)	94%

Dental

Observations & Considerations

Benchmarking

- Medicare does not cover professional dental services

Observations/Considerations

- Does not include dental services administered in FQHCs (reported separately in FQHC section)
- HSD updates fee schedule on ad hoc basis to add new codes

FQHC/RHC

Summary of FQHC/RHC Benchmarking Results

Service area is \$127 million and accounts for 6% of total expenditures analyzed

FQHC and RHC services are paid on a ‘per encounter’ basis with facility-specific payment rates, limiting the direct comparisons, or benchmarking, available. Therefore, Mercer compared the minimum, median and maximum rates for New Mexico, Medicare and the other state Medicaid programs.

Median Rates by Facility Type

Rate Statistic	Selected CY2021 FFS Benchmarks				
	Medicare	AZ	CO	LA	WA
FQHC Non-Dental	103%	64%	N/A	117%	65%
FQHC Dental	118%	74%	N/A	134%	78%
RHC	180%	64%	N/A	165%	106%

FQHC/RHC

Observations & Considerations



Benchmarking

- Medicare and other State Medicaid benchmark states also reimburse FQHCs and RHCs using facility-specific rates so no direct comparison to New Mexico facilities.
- Compared the minimum, median and maximum rates

Observations/Considerations

- Facility-specific rates are typically based on facility costs so can vary widely by clinic.
- There are services exempt from the 'per encounter' reimbursement and New Mexico reimburses these services according to the professional fee schedule. The majority of the non-encounter services are related to dentures.

HCBS

Summary of HCBS Service Area

Service area is \$849 million and accounts for 40% of total expenditures analyzed

HSD reimburses all of the 1115 Waiver services through managed care, and all of the 1915(c) waiver services under the FFS delivery system.



1115 Waiver Community Benefit

- Personal Care
- Skilled Maintenance Therapies



State Plan Case Management

- Home Health
- Targeted Case Management



1915(c) Waiver Services

- Developmental Disability Waiver
- Medically Fragile Waiver
- Mi Via Waiver
- Supports Waiver

HCBS

Summary of HCBS Benchmarking Results

1115 Waiver Community Benefit

Skilled Maintenance Therapies	CY2021: NM Medicaid FFS Percent of Benchmark				
	Medicare	AZ	CO	LA	WA
All SMT	88%	90%	98%	142%	145%
Physical Therapy	90%	85%	97%	147%	149%
Occupational Therapy	81%	77%	141%	98%	134%
Speech Therapy	79%	133%	97%	123%	132%

1915(c) Waiver Services

New Mexico's rate levels for the DD waiver align with the benchmarking states; however, for many services, the other states have additional tiers or levels to differentiate rates by geographic location, staffing ratio, or level of intensity.

HCBS

Observations & Considerations

Benchmarking

- Most services not covered by Medicare, except for skilled maintenance therapies (SMT) presented in the 1115 Waiver Community Benefit
- Other State Medicaid Programs structure HCBS programs and services differently

Observations/Considerations

- Reviewed the rate ranges for each category of service given the variations in waivers by state

Upcoming Stakeholder Activities

5

Upcoming Stakeholder Activities

Phase 1 Benchmarking Report

1

Posted on the HSD website at the following link:
<https://www.hsd.state.nm.us/public-information-and-communications/centennial-care/reports/>

General Survey

2

Completed feedback is due by June 10, 2022

Potential Small Group Follow-Up Meetings

3

Once surveys and questions/comments are collected and reviewed, HSD will offer small group meetings with Stakeholders for additional input.



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