

**REIMBURSEMENT FOR SERVICES PROVIDED BY PHYSICIANS, LIMITED
LICENSE PRACTITIONERS, AND NON-PHYSICIAN PRACTITIONERS**

I. A. Summary of the Resource-Based Relative Value Scale (RBRVS) reimbursement methodology

All services provided by physicians, limited license practitioners, and non-physician practitioners will be reimbursed according to a statewide fee schedule based on a Resource-Based Relative Value Scale (RBRVS). This includes services provided by:

Physicians and Limited License Practitioners

- doctors of medicine,
- osteopaths,
- physician or primary care group practices,
- optometrists,
- podiatrists,
- dentists who are oral surgeons,
- chiropractors, and
- health service providers in psychology.

Non-Physician Practitioners

- audiologists,
- physical, occupational, respiratory, and speech therapists,
- licensed psychologists,
- independent laboratory or radiology providers,
- dentists who are not oral surgeons,
- social workers certified through the American Academy of Certified Social Workers,
- advance practice nurses,
- physician assistants, and
- mental health professionals.

Except as otherwise noted in the plan, state-developed fee schedule rates for these services are the same for both governmental and private providers. The agency's fee schedule rates were set on various dates and are effective for services provided on or after January 1, 2011. All rates and effective dates are published on the agency's website at www.indianamedicaid.com.

The components of the RBRVS methodology used to develop the fee schedule include the Medicare-based Relative Value Units (RVUs), the Geographic Practice Index (GPCI), and a conversion factor. RVUs for each procedure were developed by HCFA to represent the resource-use associated with individual procedures. These RVUs were adjusted using the Medicare Urban locality GPCI to reflect work, practice, and malpractice costs in Indiana. The following GPCI values were multiplied by the Medicare-based RVUs to obtain Indiana-specific RVUs for each procedure:

- Work: 0.980
- Practice Expense: 0.905
- Malpractice: 0.516

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The conversion factor was developed using Indiana Medicaid claims data from fiscal year 1992 and specific policy assumptions relative to the Indiana Medicaid program. To determine the payment rate for each procedure under the RBRVS fee schedule, the Indiana-specific RVU for each procedure is multiplied by the conversion factor according to the following calculation:

$$\text{Payment Amount} = (\text{Indiana RVU} \times \text{Indiana Medicaid Conversion Factor})$$

The Indiana Medicaid conversion factor is \$28.61.

I. B. Summary of exceptions to the RBRVS reimbursement methodology

1. For procedures where no Medicare RVU exists, the RBRVS fee schedule amount was established using RVUs from other state Medicaid programs or developed specifically for the Indiana Medicaid program. For laboratory procedures not included in the Medicare Part B fee schedule for physician services, reimbursement is based on the Medicare clinical laboratory fee schedule and is paid on a per test basis. The fee schedule rate for each laboratory procedure does not exceed the current Medicare fee schedule amount.
2. The Medicaid office developed RBRVS fee schedule amounts for certain maternity and primary care procedures to give special consideration to the importance of maternity and primary care services in the Indiana Medicaid program. The RBRVS fee schedule amounts for the following HCPCS codes were not developed using the RBRVS methodology: 59000 – 59130, 59136 – 59320, 59350 – 59426, 59500 – 59851, and 99211.
3. The reimbursement rates for anesthesiology procedures were developed using the total base and time units for each procedure multiplied by the Indiana Medicaid conversion factor for anesthesiology, \$13.88.

Anesthesia reimbursement rate = (Base Units + Time Units + Additional Units for age (if applicable) + Additional Units for physical status modifiers (as applicable)) x anesthesia conversion factor

Base units were assigned to all anesthesia CPT codes (00100 through 01999) based on the 2002 relative values as published by the American Society of Anesthesiologists (ASA). As defined in the ASA Relative Value Guide, additional base units are added for age and physical status modifiers, as applicable. A member younger than one year old or older than 70 years old will receive one (1.0) additional base unit. Physical status modifier P3 receives one (1.0) additional base unit, P4 receives two (2.0) additional base units, and P5 receives three (3.0) additional base units. If CPT code 99140 is billed to denote an emergency, two (2.0) additional base units are added for physical status modifiers P1 through P5. No additional base units are added for physical status modifier P6.

Time units are converted from the actual time reported on the claim at the rate of one unit for each 15 minute period or fraction thereof. Anesthesia time begins when the anesthesiologist begins to prepare the patient for anesthesia care and ends when the anesthesiologist is no longer in personal attendance.

Certified registered nurse anesthetists (CRNAs) and anesthesiologist assistants (AAs) are reimbursed at 60% of the allowable physician rate. Medical direction of two, three, or four anesthesia procedures is reported using modifier QK and is reimbursed at 30% of the allowable physician rate. Separate reimbursement is not available for anesthesia administered by the same provider performing the surgical procedure.

4. The fee schedule amounts for services of dentists in calendar year 1994 were developed based on fiscal year 1992 charges and the percentage difference between physician and LLP submitted charges for fiscal year 1992 and RBRVS fee schedule amounts. The Medicaid agency may set reimbursement for specific dental procedures using a different methodology in order to preserve access to the service. Effective 8/1/95, fees for covered dental services are priced at the levels in effect at the end of calendar year 1994, increased by a percentage (20%) determined by the Medicaid agency. In order to address a crisis, the agency complied with the above Plan to use a different methodology in order to preserve access to dental services by setting reimbursement rates for most dental procedures equal to 100% of the 75th percentile of the rates reported by the American Dental Association for the East North Central Region (ADA-ENC), effective May 1, 1998. The ADA-ENC-based rates may be adjusted annually for inflation, using the Consumer Price Index – Urban, Dental (CPI-UD).

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VIII. RBRVS Payment Reductions

All reimbursement to chiropractors and podiatrists for services provided on or after January 1, 2011 that has been calculated under methods described in Attachment 4.19-B shall be reduced by five percent (5%). The 5% reduction will remain in effect through June 30, 2013. The RBRVS rates are published at the State's website www.indianamedicaid.com.

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