



MA provider rate increases for targeted service categories

Issue:

As key aspects of the Affordable Care Act (ACA) are implemented in 2014, more people are expected to have coverage through Medical Assistance (MA), the state's Medicaid program. While Minnesota's Medicaid physician participation rate of 96 percent is well above the national average, reimbursement rates for MA providers have not kept pace with the cost of providing services, and providers have often incurred rate reductions during difficult budget years. To illustrate, in 2009 dental rates in Minnesota's MA program covered about 40 percent of the median retail fees for dentists compared with the nationwide average of 60 percent for other state Medicaid programs. To maintain high provider participation rates amid increased demand for services, Minnesota must update its strategy for paying MA providers.

Proposals:

As part of this strategy, the governor's budget includes a proposal to increase MA provider rates for several categories of service effective Jan. 1, 2014, to maintain provider access for MA enrollees.

Increases would include:

- Fee-for-service rates for inpatient hospital services (2 percent)
- Medical transportation and basic care in fee-for-service. Basic care includes specific categories of medical equipment, dialysis, lab services, public health nursing and hospice services (3 percent)
- Fee-for-service outpatient hospital rates (5 percent)
- Physician and professional services in fee-for-service MA. This increase would include specific categories of primary care, podiatry, chiropractic, audiology, vision, radiology, rehabilitative therapies and mental health (5 percent)
- Dental services in both fee for service and managed care (5 percent)

Impact:

These proposals will:

- Ensure public program enrollees have access to health care providers.
- Support providers at a time when public program enrollment is expanding.

Fiscal impact:

- FY 2014: \$5.85 million
- FY 2015: \$21.34 million
- FY 2016: \$23.20 million
- FY 2017: \$24.78 million

Related information:

- Minnesota Management & Budget website: <http://www.mmb.state.mn.us>

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