Quadrennial Rate Review

Division of Health Care Financing and Policy
Rate Analysis and Development
June 2021

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Executive Summary

The Division of Health Care Financing and Policy (DHCFP) has conducted Fee-for-Service (FFS) provider reimbursement rate reviews per the requirements of NRS 422.2704, which requires a comparison of providers' costs to Medicaid reimbursement rates. The provider types (PT) reviewed in this report include:

- PT 14 Behavioral Health Outpatient, Specialty 300 Qualified Mental Health Professional
- PT 14 Behavioral Health Outpatient, Specialty 301 Qualified Mental Health Associate
- PT 14 Behavioral Health Outpatient, Specialty 302 Qualified Behavioral Aide
- PT 14 Behavioral Health Outpatient, Specialty 305 Licensed Clinical Social Worker
- PT 14 Behavioral Health Outpatient, Specialty 306 Licensed Marriage & Family Therapist
- PT 14 Behavioral Health Outpatient, Specialty 307 Clinical Professional Counselor
- PT 14 Behavioral Health Outpatient, Specialty 308 Day Treatment Model
- PT 15 Registered Dietitian and Medical Nutrition Therapy
- PT 26 Psychologist
- PT 30 Personal Care Aide – Provider Agency
- PT 82 Behavioral Health Rehabilitative Treatment (Includes Specialties 300 Qualified Mental Health Professional, 301 Qualified Mental Health Associate and 302 Qualified Behavioral Aide)
- PT 83 Personal Care Aide – Intermediary Service Organization
- PT 85 Applied Behavioral Analysis, Specialty 310 Licensed & Board-Certified Behavior Analyst
- PT 85 Applied Behavioral Analysis, Specialty 311 Psychologist
- PT 85 Applied Behavioral Analysis, Specialty 312 Licensed & Board-Certified Assistant Behavior Analyst
- PT 85 Applied Behavioral Analysis, Specialty 314 Registered Behavior Technician

In order to determine providers' costs, surveys were available for download on the DHCFP website. Unlike in previous survey attempts, DHCFP received more survey responses for multiple provider types and at least one survey response for every provider type under review. The only providers types with a response rate at or greater than 10 percent were as follows:

- PT 14-307 Clinical Professional Counselor
- PT 30 Personal Care Aide – Provider Agency
- PT 83 Personal Care Aide – Intermediary Service Organization
- PT 85-311 Applied Behavioral Analysis Psychologist
- PT 85-312 Applied Behavioral Analysis Licensed and Board-Certified Assistant Behavior Analyst

As a result of the analysis results, DHCFP recommends increasing rates for the following provider types:

- PT 14-300 Behavioral Health Qualified Mental Health Professional
- PT 15 Registered Dietitian and Medical Nutrition Therapy
- PT 26 Psychologist
- PT 30 Personal Care Aide – Provider Agency
- PT 82 Behavioral Health
- PT 83 Personal Care Aide-Intermediary Service Organization
- PT 85 Applied Behavioral Health (all specialties)

The following provider types are not being recommended for rate increases as the analysis indicates these rates are paid at or above providers reported costs:

- PT 14-301 Behavioral Health Qualified Mental Health Associate

- PT 14-302 Behavioral Health Qualified Behavioral Aide
- PT 14-305 Behavioral Health Licensed Clinical Social Work
- PT 14-306 Behavioral Health Licensed Marriage and Family Therapist
- PT 14-307 Behavioral Health Clinical Professional Counselor

Purpose

Nevada Medicaid and Nevada Check Up currently provide health care coverage to approximately 827,000 Nevadans as of March 2021. These recipients access health care through either a fee-for-service or managed care service delivery system. Health care providers frequently voice concerns about Nevada Medicaid's reimbursement rates being too low to cover their costs of providing services to Medicaid and Check Up recipients. If these providers stop serving Medicaid and Check Up recipients, these recipients may have difficulty obtaining treatment needed to maintain their health.

In order to quantify the gap between Medicaid rates and provider costs, Assembly Bill 108 (AB 108) was passed and signed into law during the 2017 Legislative Session amending NRS Chapter 422. This bill requires DHCFP to review each Medicaid reimbursement rate every four years. The Quadrennial Rate Reviews (QRR) determine if current Nevada Medicaid reimbursement rates accurately reflect the actual cost of providing services or items needed by Nevada Medicaid and Check Up recipients. If DHCFP finds that a reimbursement rate does not accurately reflect the actual cost of providing the service or item, this bill requires DHCFP to calculate the rate of reimbursement that accurately reflects the actual cost of providing the service or item and recommend that rate to the Director for possible inclusion in the State Plan for Medicaid.

Background

As of June 2021, there are over 65,000 active rates[1] for Nevada Medicaid, covering 68 provider types (PT). A provider type indicates who is providing a service. Provider types may include individuals, facilities, or other organizational structures. Most provider types and specialties have their own rate methodologies, and therefore, must be analyzed separately. DHCFP developed a quadrennial rate review schedule by provider type. In developing the schedule, DHCFP prioritized provider types that had not recently received rate increases or reviews.

This report encompasses surveys received in the first and second quarters of calendar year 2019 and includes the following provider types:

- PT 14 Behavioral Health Outpatient, all specialties
- PT 15 Registered Dietitian (Medical Nutrition Therapy)
- PT 26 Psychologist
- PT 30 Personal Care Aide – Provider Agency
- PT 82 Behavioral Health Rehabilitative Treatment
- PT 83 Personal Care Aide – Intermediary Service Organization
- PT 85 Applied Behavioral Analysis, all specialties

The results of this analysis are summarized below.

Methodology

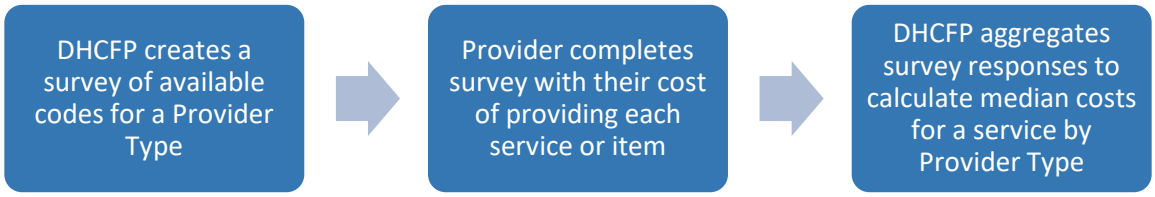
To assess provider costs, providers whose rates are under review are asked to complete a survey related to their costs of providing each service or item that is allowed under their provider type. DHCFP reached out to providers in multiple

[1] This has previously been reported as over 290,000 but, it is not an accurate representation of the number of codes. 290,000 came from a system used prior to modernization, which counted each code with a modifier as a separate code. In other words, if a code also had four separate modifiers, then that was counted as five separate codes.

ways to encourage their participation in the cost surveys: website postings, web announcements, announcement during the monthly Behavioral Health Technical Assistance webinar and social media posts; email/fax outreach from Gainwell Technologies (formerly known as DXC Technology); DHCFP emails to providers; and contact with provider associations and boards.

The cost survey spreadsheets for each provider type list available Current Procedural Terminology (CPT) or Healthcare Common Procedure Coding System (HCPCS) codes, descriptions, and modifiers. Providers fill in their cost information for each code that they use and submit their completed survey to DHCFP. DHCFP staff then analyze the survey data to determine the median cost of providing each service or item for each provider type. Median costs are used rather than average costs because the median minimizes the impact of outliers with extremely high or low costs reported on the provider surveys. *Note that DHCFP does not have the authority to audit the cost information submitted by providers in their survey responses*; DHCFP simply uses the information provided by providers to estimate the costs of providing services to Medicaid and Nevada Check Up recipients.

Figure 1: Provider Cost Calculation



To paint a more complete picture concerning Nevada Medicaid's reimbursement rates, DHCFP staff also analyze how Nevada Medicaid's rates compare to other states' Medicaid rates and to Medicare rates. The states used for comparison were Arizona, Colorado, Idaho, Montana, New Mexico, Oregon, Utah, and Wyoming. These states were selected due to their proximity to Nevada as well as similarities in population distribution. In researching other states' Medicaid reimbursement rates, every effort was made to find the rate that most closely aligned with Nevada Medicaid's rate. DHCFP staff researched fee schedules effective during the same timeframe as the survey period and attempted to find the reimbursement rates for matching provider types. In some instances, a compatible provider type did not exist in another state or services were not included in their fee schedules. Staff calculated a median of the other states' Medicaid rates for each service to compare to Nevada's rates.

Once the comparison data was completed, a fiscal analysis for the upcoming 2022-2023 biennium was performed to demonstrate the impact of changing current Nevada Medicaid fee-for-service rates to align with providers' reported costs. Fiscal impact analyses were also completed for the additional scenarios of aligning with Medicare rates or the median of other states' Medicaid rates.

Whereas calculation of the fiscal impact of a fee-for-service rate increase is relatively straightforward, calculating a reimbursement rate change on managed care capitation payments is technically complex and challenging. The Centers for Medicare and Medicaid Services (CMS) requires Medicaid managed care capitation rates to be actuarially sound and Nevada Medicaid relies on contracted certified actuaries for capitation rate development. Actuarial development of the managed care portion of the fiscal impact estimates is beyond the scope of this project. Instead, DHCFP used a managed care patient ratio to gross up the fee-for-service estimates to reflect the potential changes in capitation rates due to a change in fee-for-service reimbursement rates. Future Quadrennial Rate Reviews will use managed care utilization data rather than a patient ratio.

The combined fee-for-service and managed care fiscal impact estimates were projected forward to the upcoming biennium (state fiscal years 2022 and 2023) using projected growth rates based on caseload projections from the Department of Health and Human Services Office of Analytics. The total computable estimates included both the federal

and non-federal share of the projected impact. Federal Medical Assistance Percentage (FMAP) rates were applied to determine the non-federal share of each proposed rate change scenario.

Results

The rate reviews for the first and second quarters of 2019 represent the second set of reviews completed under the Quadrennial Rate Review process. While provider responses were lower than desired, DHCFP did receive at least one response for each provider type/specialty.

Table 1: Response Rates by Provider Type and Specialty

Provider Type, Specialty	Enrolled Providers	Codes in Fee Schedule	Responses Received	Response Rate
PT 14 Behavioral Health Outpatient, Spec 300 Qualified Mental Health Professional	1,317	73	25	2%
PT 14 Behavioral Health Outpatient, Spec 301 Qualified Mental Health Associate	1,456	14	10	1%
PT 14 Behavioral Health Outpatient, Spec 302 Qualified Behavioral Aide	1,105	5	5	0%
PT 14 Behavioral Health Outpatient, Spec 305 Licensed Clinical Social Worker	218	65	6	3%
PT 14 Behavioral Health Outpatient, Spec 306 Licensed Marriage & Family Therapist	177	65	7	4%
PT 14 Behavioral Health Outpatient, Spec 307 Clinical Professional Counselor	61	65	6	10%
PT 14 Behavioral Health Outpatient, Spec 308 Day Treatment Model	50	1	1	2%
PT 15 Registered Dietitian and Medical Nutrition Therapy	77	6	4	5%
PT 26 Psychologist	266	5	5	2%
PT 30 Personal Care Aide - Provider Agency	161	2	23	14%
PT 82 Behavioral Health Rehabilitative Treatment (Includes Spec 300 Qualified Mental Health Professional, 301 Qualified Mental Health Associate & 302 Qualified Behavioral Aide)	252	12	1	0%
PT 83 Personal Care Aide - Intermediary Service Organization	16	2	2	13%
PT 85 Applied Behavioral Analysis, Spec 310 Licensed & Board Certified Behavior Analyst	101	10	6	6%
PT 85 Applied Behavioral Analysis, Spec 311 Psychologist	6	10	2	33%
PT 85 Applied Behavioral Analysis, Spec 312 Licensed & Board Certified Assistant Behavior Analyst	6	6	6	100%
PT 85 Applied Behavioral Analysis, Spec 314 Registered Behavior Technician	594	5	6	1%

DHCFP received a total of 115 cost survey responses across all provider types in this report. This count represents 1.96% of the 5,863 enrolled providers.

Table 2 below provides a high-level summary of the fiscal impact of reimbursement at provider costs for all provider types/specialties surveyed. The fiscal impact is calculated as the difference between estimated total computable expenditures under reimbursement at provider costs and the base scenario expenditures at current reimbursement rates. Negative numbers indicate that we currently pay above provider cost and an increase is not warranted.

Table 2: SFY 2022 and 2023 Fiscal Impact Estimates by Provider Type and Specialty

Provider Type, Specialty	Change in Expenditures to Match Median of Reported Provider Costs	
	Total Computable	Non-Federal Share
PT 14 Behavioral Health Outpatient, Spec 300 Qualified Mental Health Professional	$11,735,252	$3,320,960
PT 14 Behavioral Health Outpatient, Spec 301 Qualified Mental Health Associate	($10,999,838)	($3,061,152)
PT 14 Behavioral Health Outpatient, Spec 302 Qualified Behavioral Aide	($170,425)	($42,757)
PT 14 Behavioral Health Outpatient, Spec 305 Licensed Clinical Social Worker	($16,698,377)	($4,652,089)
PT 14 Behavioral Health Outpatient, Spec 306 Licensed Marriage & Family Therapist	($9,355,168)	($2,391,772)
PT 14 Behavioral Health Outpatient, Spec 307 Clinical Professional Counselor	($4,280,954)	($1,036,951)
PT 14 Behavioral Health Outpatient, Spec 308 Day Treatment Model	Not utilized in 2019	
PT 15 Registered Dietitian and Medical Nutrition Therapy	$1,915,652	$431,703
PT 26 Psychologist	$4,964,742	$1,188,816
PT 30 Personal Care Aide - Provider Agency	$34,612,093	$12,020,633
PT 82 Behavioral Health Rehabilitative Treatment (Includes Spec 300 Qualified Mental Health Professional, 301 Qualified Mental Health Associate & 302 Qualified Behavioral Aide)	$18,586,869	$3,526,784
PT 83 Personal Care Aide - Intermediary Service Organization	$25,712,293	$7,956,283
PT 85 Applied Behavioral Analysis, Spec 310 Licensed & Board Certified Behavior Analyst	$3,484,132	$1,232,797
PT 85 Applied Behavioral Analysis, Spec 311 Psychologist	$33,027,121	$10,126,800
PT 85 Applied Behavioral Analysis, Spec 312 Licensed & Board Certified Assistant Behavior Analyst	$125,083	$44,315
PT 85 Applied Behavioral Analysis, Spec 314 Registered Behavior Technician	$20,578,432	$7,261,759

There are several important caveats to the estimates provided in Table 2.

- Provider costs are accepted as reported as DHCFP does not have the authority to audit the cost information submitted by providers in their survey responses;
- Provider costs may have changed after the submission of their cost surveys. Any post-survey changes in provider costs are not accounted for in the analysis;
- The estimates shown above include an estimated impact of fee-for-service rate increases on managed care capitation rates. For this analysis, a managed care patient ratio was used to gross up the fee-for-service expenditure estimates. It is likely that the patient ratio imprecisely captures the impact of fee-for-service rate changes on managed care capitation rates. Managed care capitation rates must be actuarially sound and must be calculated by a certified actuary; that actuarial analysis is beyond the scope of this report;
- These fiscal impact estimates are subject to change dependent on updated caseload and FMAP projections for the upcoming biennium.

Recommendations

Per the requirements of NRS 422.2704, DHCFP recommends rate increases for the following provider types:

- PT 14-300 Behavioral Health Qualified Mental Health Professional
- PT 15 Registered Dietitian and Medical Nutrition Therapy
- PT 26 Psychologist

- PT 30 Personal Care Aide – Provider Agency
- PT 82 Behavioral Health (includes 300 Qualified mental Health Profession, 301 Qualified Mental Health Associate & 302 Qualified Behavioral Aide)
- PT 83 Personal Care Aide-Intermediary Service Organization
- PT 85-310 Applied Behavioral Health Licensed and Board-Certified Behavior Analyst
- PT 85-311 Applied Behavioral Health Psychologist
- PT 85-312 Applied Behavioral Health Licensed and Board-Certified Assistant Behavior Analyst
- PT 85-314 Applied Behavioral Health Registered Behavior Technician

The rate increases for the provider types listed above will better align Nevada Medicaid rates with the providers' reported costs. Note that not every rate for each of these provider types would be increased to align with provider costs; some rates would increase while others would decrease or remain unchanged. In addition, the fiscal impact estimates provided do not incorporate anything pending approval, including but not limited to, legislation or budget initiatives for SFY22 and SFY23.

Table 3 below summarizes the impact of each scenario analyzed by DHCFP. The Base Scenario represents the projected fiscal impact in the upcoming biennium based on current Nevada Medicaid rates. The other columns represent the additional costs of each rate change scenario.

Table 3: 2022-23 Biennium Non-Federal Share Fiscal Impact Estimates by Rate Increase Scenario

Assembly Bill 108 - 2021 Report Summary

Non-Federal Share Fund Expenditures for SFY 22-23

Provider Type - Specialty	Base Scenario *	Match Median Cost of Service †	Match Median Other States Rates †	Match Medicare Rates †	5% Increase †	10% Increase †	15% Increase †
14-300: Behavioral Health, Qualified Mental Health Professional	$70,767,262	$3,320,960	($644,702)	$3,793,179	$3,538,363	$7,076,726	$10,615,089
14-301: Behavioral Health, Qualified Mental Health Associate	$17,936,945	($3,061,152)	$58,851	($598)	$896,847	$1,793,694	$2,690,542
14-302: Behavioral Health, Qualified Behavioral Aide	$5,313,740	($42,757)	$5,035,839	$0	$265,687	$531,374	$797,061
14-305: Behavioral Health, Licensed Clinical Social Worker	$13,645,133	($4,652,089)	$64,648	$736,252	$682,257	$1,364,513	$2,046,770
14-306: Behavioral Health, Licensed Marriage & Family Therapist	$7,467,120	($2,391,772)	($331,338)	$470,103	$373,356	$746,712	$1,120,068
14-307: Behavioral Health, Clinical Professional Counselor	$7,039,136	($1,036,951)	$316,156	$254,071	$351,957	$703,914	$1,055,870
14-308: Behavioral Health, Day Treatment Model	Not Utilized in 2019						
15: Registered Dietitian and Medical Nutrition Therapy	$129,368	$431,703	$17,882	$72,924	$135,836	$142,305	$148,773
26: Psychologist	$5,325,998	$1,188,816	($618,197)	$572,581	$266,300	$532,600	$798,900
30: Personal Care Aide – Provider Agency	$91,713,493	$12,020,633	$33,637,570	$0	$4,585,675	$9,171,349	$13,757,024
82: Behavioral Health, includes 300 Qualified mental Health Profession, 301 Qualified Mental Health Associate & 302 Qualified Behavioral Aide	$2,874,690	$3,526,784	$1,330,929	$0	$143,734	$287,469	$431,203
83: Personal Care Aide – Intermediary Service Organization	$6,791,338	$7,956,283	$2,497,053	$0	$339,567	$679,134	$1,018,701
85-310: Applied Behavioral Analysis, Licensed & Board Certified Behavior Analyst	$6,268,905	$1,232,797	($2,559,230)	$0	$6,582,351	$6,895,796	$940,336
85-311: Applied Behavioral Analysis, Psychologist	$875,036	$10,126,800	($296,290)	$0	$43,752	$87,504	$131,255
85-312: Applied Behavioral Analysis, Licensed & Board Certified Assistant Behavior Analyst	$309,277	$44,315	$0	$0	$15,464	$30,928	$46,391
85-314: Applied Behavioral Analysis, Registered Behavior Technician	$3,813,908	$7,261,759	$0	$0	$190,695	$381,391	$572,086

* Amount with no increase or decrease made. † The estimated amount of the increase.

PT 14-300 Behavioral Health Qualified Mental Health Professional

Aligning Nevada Medicaid's PT 14, Specialty 300 rates with the providers' reported costs represents an average increase of 5% per code. The estimated total computable impact is $11.7 million for the upcoming biennium, with a non-federal share of $3.3 million.

PT 15 Registered Dietitian and Medical Nutrition Therapy

Aligning Nevada Medicaid's PT 15 rates with the providers' reported costs represents an average increase of 334% per code. The estimated total computable impact is $1.9 million for the upcoming biennium, with a non-federal share of $432,000.

PT 26 Psychologist

Aligning Nevada Medicaid's PT 26 rates with the providers' reported costs represents an average increase of 22% per code. The estimated total computable impact is $5 million for the upcoming biennium, with a non-federal share of $1.2 million.

PT 30 Personal Care Aide – Provider Agency

Aligning Nevada Medicaid's PT 30 rates with the providers' reported costs represents an average increase of 13% per code. The estimated total computable impact is $34.6 million for the upcoming biennium, with a non-federal share of $12 million.

PT 82 Behavioral Health (includes 300 Qualified mental Health Profession, 301 Qualified Mental Health Associate & 302 Qualified Behavioral Aide)

Aligning Nevada Medicaid's PT 82 rates with the providers' reported costs represents an average increase of 123% per code. The estimated total computable impact is $18.6 million for the upcoming biennium, with a non-federal share of $3.5 million.

PT 83 Personal Care Aide-Intermediary Service Organization

Aligning Nevada Medicaid's PT 83 rates with the providers' reported costs represents an average increase of 117% per code. The estimated total computable impact is $25.7 million for the upcoming biennium, with a non-federal share of $8 million.

PT 85-310 Applied Behavioral Health Licensed & Board-Certified Behavior Analyst

Aligning Nevada Medicaid's PT 85, Specialty 310 rates with the providers' reported costs represents an average increase of 20% per code. The estimated total computable impact is $3.5 million for the upcoming biennium, with a non-federal share of $1.2 million.

PT 85-311 Applied Behavioral Health Psychologist

Aligning Nevada Medicaid's PT 85, Specialty 311 rates with the providers' reported costs represents an average increase of 1,157% per code. The estimated total computable impact is $33 million for the upcoming biennium, with a non-federal share of $10 million.

PT 85-312 Applied Behavioral Health Licensed and Board-Certified Assistant Behavior Analyst

Aligning Nevada Medicaid's PT 85, Specialty 312 rates with the providers' reported costs represents an average increase of 14% per code. The estimated total computable impact is $125 thousand for the upcoming biennium, with a non-federal share of $44 thousand.

PT 85-314 Applied Behavioral Health Registered Behavior Technician

Aligning Nevada Medicaid's PT 85, Specialty 314 rates with the providers' reported costs represents an average increase of 190% per code. The estimated total computable impact is $21 million for the upcoming biennium, with a non-federal share of $7.3 million.

Conclusion

This report has been provided to the Director of the Nevada Department of Health and Human Services for review and possible inclusion of the recommended rate increases in the Nevada State Plan for Medicaid. Reimbursement rate changes require a State Plan Amendment and approval from the Centers for Medicare and Medicaid Services. Although rate changes can be implemented during the current biennium or through the next Legislative Session, it is important to note that managed care organization capitation rates may need to be recalculated and recertified for any rate changes that do not align with the normal capitation rate setting cycle. Any rate changes that are implemented with an effective

date other than January 1 require an amendment to the capitation rates, which results in approximately $70,000 in additional costs for actuarial services. If the Director recommends a rate change be included in the Nevada State Plan for Medicaid, DHCFP would update the fiscal impact analysis to reflect revised caseload projections, updated FMAP percentages, changes to Nevada Medicaid rates and alignment with the chosen start date.

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