



January 31, 2022

Brenda Erdoes, Director
Legislative Counsel Bureau (LCB)
401 S. Carson Street
Carson City, NV 89701

Re: SB 278, SEC. 16 REPORTING

Director Erdoes,

Per Senate Bill (SB) 278, Section 16 of the 2011 General Legislative Session, Chapter 232 of the Nevada Revised Statute (NRS) was amended to add a new section regarding the rate of reimbursement for Physicians who participate in the Medicaid and/or Children's Health Insurance Program (CHIP).

The amendment states:

NRS 422.2712 Reporting of certain rates of reimbursement for physicians.

1. The Department, with respect to the State Plan for Medicaid and the Children's Health Insurance Program, shall report every rate of reimbursement for physicians which is provided on a fee-for-service (FFS) basis and which is lower than the rate provided on the current Medicare fee schedule for care and services provided by physicians.

Attached is a report of all Current Procedural Terminology (CPT) and Healthcare Common Procedure Coding System (HCPCS) codes eligible for reimbursement under the Nevada Medicaid Physician FFS schedule which reimburse at a lower rate than the 2021 Medicare fee schedule. For the purposes of this analysis, data from the 2021 fee schedules for both Medicaid and Medicare were utilized. Reports are also provided that include the comparison of Medicaid Laboratory and Durable Medical Equipment (DME) rates to Medicare rates.

Methodology to establish fee-for-service reimbursement rates

FFS reimbursement rates for CPT and HCPCS codes were calculated using the nationally recognized formula provided by the Centers for Medicare and Medicaid Services (CMS). Payment rates for an individual services are based on three components: Relative Value Units (RVU), Conversion Factor (CF) and Geographic Practice Cost Indices (GPCI).

The three types of RVUs are as follows:

- Work - reflects the level of time and intensity associated with providing the service
- Practice Expense (PE) - reflects the cost of maintaining the practice
- Malpractice (MP) - represents the remaining portion of the total payment associated with a service

The geographic practice cost index (GPCI) is an adjustment that accounts for geographic variations in the cost of practicing medicine in different areas within the country and is applied to each of the aforementioned RVUs.

For 2021, the assigned GPCIs for Nevada are: Work GPCI of 1.005, PE GPCI of 1.000 and MP GPCI of 1.351. To determine the rate for a service, each of the three RVUs is adjusted by the corresponding GPCI. The sum of the geographically adjusted RVUs is multiplied by a dollar CF:

- 2021 Facility and Non-Facility Pricing Amount =
[(Work RVU * Work GPCI) + (Non-Facility PE RVU * PE GPCI) +
(MP RVU * MP GPCI)] * Conversion Factor (CF)

Medicare reimburses at either a facility or non-facility rate based on the location the service was provided; however, Nevada Medicaid does not reimburse providers in this manner. In the Nevada Medicaid FFS schedule, specific codes are either assigned a facility or non-facility rate.

Per the Nevada Medicaid State Plan, the 2014 Medicare Physician Fee Schedule CF of \$35.8228 is used when calculating FFS reimbursement rates. The current methodology outlined in the state plan is based on the 2014 values; however, if a code was not active for CMS in 2014, subsequent year values may be used. The conversion factor and RVUs for Medicare fluctuates each year.

Please see the attached analyses for additional information which may be found in the footnotes. As mandated by SB 278, Section 16, this analysis will be available through the Department of Health and Human Services (DHHS) website: <http://dhhs.nv.gov/>. It will also be posted to the Division of Health Care Financing and Policy's (DHCFPs) website: <http://dhcftp.nv.gov/>

If you have any additional questions, please contact Shanna Cobb-Adams, Chief, Rate Analysis and Development, at 775-684-3712 or scadams@dhcftp.nv.gov.

Sincerely,

Suzanne Bierman

Suzanne Bierman (Jan 31, 2022 09:30 PST)

Suzanne Bierman, Administrator

Enclosure

CC: Richard Whitley, Director, DHHS
Sandie Ruybalid, Deputy Administrator, Information Services, Managed Care & Quality, Compliance, and Program Integrity, DHCFP
Dr. Antonina Capurro, Deputy Administrator, Medical Programs, DHCFP
Phillip Burrell, Deputy Administrator, Administration and Fiscal, DHCFP
Shanna Cobb-Adams, Chief, Rate Analysis and Development, DHCFP