Legislatively funded managed care rate increase

Overview

This document provides clarifying information regarding legislatively mandated Medicaid managed care rate increases authorized in the 2024 supplemental state operating budget.

This document addresses the following new rate increases:

- Professional services rate increase effective July 1, 2024.
- Primary care rate increase effective January 1, 2025.
- Programs for assertive community treatment (PACT) teams rate increase effective January 1, 2025.
- Mental health and social determinants of health (SDOH) screening rate increase effective January 1, 2025.
- Private duty nursing, home health, and Medically Intensive Children's program rate increase effective January 1, 2025.

The table below summarizes the rate increases covered in this document and provides a snapshot of key information. Following the table, each rate increase is described in further detail.

Rate increases funded in prior budget periods will be maintained. Any new rate increase for those services will be added on top of the current levels. Whether or not these rate increases translate directly into payment increases to your organization depends on your specific contract terms with each MCO, as noted in the provider impact detail sections below.

	Start date	Rate increase	Type of state directed payment	Budget section and proviso reference
Professional Services Rate Increase	July 2024	65% of Medicare for pediatric and adult fee schedules 100% of Medicare for Maternity	MCOs to pay no less than the FFS fee schedule	Sec 211 (71)
Primary Care Services Rate Increase	January 2025	2%	MCOs to pay no less than the FFS fee schedule	Sec 211 (51)
PACT	January 2025	7%	MCOs to increase current payment level by 7%	Sec 215 (5)
BH Screening Rate Increase	January 2025	Various	MCOs to pay no less than the FFS fee schedule	Sec 211 (103)
Private Duty Nursing, Home Health & Medically Intensive Children's Program	January 2025	7.5% for HH and MICP PDN: $67.89 per/hr for RN & $55.79 per/hr for LPN	MCOs to pay no less than the FFS fee schedule	Sec 211 (98)

Professional services rate increase

Section 211 (71) of the 2024 supplemental operating budget provides funding to increase certain professional services rates to a percentage of the Medicare rates in effect on July 1, 2024. The target Medicare percentage varies by service. This rate increase is effective July 1, 2024. Following a comparative analysis of rates, HCA determined that rates for most professional services were already at the Medicare thresholds directed in the operating budget. Rates for these services remains unchanged from current levels. The following services were identified as falling below that threshold:

- Certain physician services and office/home visits on the adult primary care fee schedule: CPT codes 99202-99215.
- Maternity services published in the Physician-Related/Professional Services fee schedule: CPT codes 59000-59871

Implementation details

HCA increased the FFS fee schedules for professional services and office/home visits on the pediatric and adult primary care fee schedules to be at least 65% of Medicare rates.

HCA increased the FFS fee schedule for maternity services (for Maternity HCPCS codes on the physician fee schedule) to 100% of Medicare rates. HCA will use a state directed payment to require MCOs to pay no less than the updated FFS fee schedules.

Additionally, HCA increased the age of the pediatric fee schedule to age 20; thus transitioning members aged 19-20 to the pediatric fee schedule to ensure alignment with the federal EPSDT age standard.

Provider impact

A provider's specific impact will depend on the current reimbursement levels they are receiving from their MCO partners and how much that varies from the updated FFS fee schedule. A provider will receive no less than the updated fee schedule amount. We encourage providers to work with their MCO partners to understand how the rate increase will impact their reimbursement rates.

Primary care services rate increase

Section 211 (51) of the 2024 supplemental operating budget includes funding to increase the rates for adult and pediatric primary care services by at least 2% above Medicaid FFS rates. The proviso also directs that the rate increase be applied to all primary care services codes listed on the enhanced adult and pediatric fee schedules, regardless of provider specialty.

Implementation details

Effective January 1, 2025, HCA will increase the FFS fee schedules for primary care services and on the pediatric and adult primary care fee schedules to be 2% higher than the current rates. CY2025 managed care rates have been adjusted to include funding for this rate increase. HCA will use a state directed payment to require MCOs to pay no less than the updated FFS fee schedules.

Provider impact

A provider's specific impact will depend on the current reimbursement levels they are receiving from their MCO partners and how much that varies from the updated FFS fee schedule. A provider will receive no less than the updated fee schedule amount. We encourage providers to work with their MCO partners to understand how the rate increase will impact their reimbursement rates.

Program for assertive community treatment teams rate increase

Sec. 215(5) of the 2023-25 Supplemental Operating budget includes funding to implement a 7% rate increase for existing programs for assertive community treatment teams (PACT).

Implementation details

HCA has adjusted the MCO rates to account for this additional funding. HCA will use a state directed payment to require MCOs to increase reimbursement for PACT services by 7%. This increase will be on top of the 15% rate increase previously implemented January 1, 2024.

Provider impact

A provider's specific impact will depend on the type of contract arrangement they have with their MCO partners. MCOs contract with providers in a variety of different ways. Examples include reimbursement based on a fee schedule, budget-based arrangements, capitated contracts, percent of premium arrangements etc. Providers on fee schedule, budget based, or capitated contracts (depending on the specifics) will see their reimbursement increased by the directed payments.

The impact for providers on a percent of premium contract will vary depending on which region they are operating in and the specific arrangement they have with their MCOs. The directed payment is specific to PACT services and will be comingled with other changes to the MCO rates (program changes, trend factors, utilization, and costs changes). In that case, the provider's reimbursement change could be more or less than just the specific directed payment. HCA encourages providers and MCOs to work together to understand how their specific contracts will be changing.

Mental health and SDOH screening rates increase

Section 211 (103) of the 2024 Supplemental operating budget includes funding to increase rates for mental health and social determinants of health (SDOH) screenings for children. This rate increase is effective January 1, 2025. Due to available budget, HCA has determined to apply the rate increase for these services to **all ages**.

Implementation details

HCA will increase the FFS fee schedule for MH screening codes 96127, 96160 and 96161 and SDOH code G0136. HCA will use a state directed payment to require MCOs to pay no less than the updated FFS fee schedules.

Provider impact

A provider's specific impact will depend on the type of contract arrangement they have with their MCO partners. For providers on a FFS payment arrangement, they will receive no less than the updated fee schedule amount. We encourage providers to work with their MCO partners to understand how the rate increase will impact their reimbursement rates.

PDN, home health, and MICP group home rate increase

Section 211 (98) of the 2024 Supplemental operating budget includes funding to increase hourly rates for Private Duty Nursing. For example, base hourly rate for a registered nurse is to be increased to pay no less than $67.89; base hourly rate for a licensed practical nurse is to be increased to pay no less than $55.79. The proviso also directs that the reimbursement rates for Home Health and the Medically Intensive Children's group home program services be increased by 7.5%.

Implementation details

HCA will increase the FFS fee schedules for PDN, Home health and MICP/Group Home by the amounts specified in the proviso. HCA will use a state directed payment to require MCOs to pay no less than the updated FFS fee schedules.

Provider impact

A provider's specific impact will depend on the type of contract arrangement they have with their MCO partners. For providers on a FFS payment arrangement, they will receive no less than the updated fee schedule amount. We encourage providers to work with their MCO partners to understand how the rate increase will impact their reimbursement rates.

Frequently asked questions

What is a state directed payment?

CMS Medicaid managed care rules allow states to require MCOs to pay providers according to specific rates or methods. States can direct MCO rates in three main ways:

1. Require MCOs to pay a minimum fee schedule
2. Require MCOs to pay a maximum fee schedule
3. Require MCOs to change rates by a uniform percent or dollar amount

In this case, HCA is submitting a state directed payment to CMS that requires MCOs to increase rates by a flat percentage or a dollar amount.

How long is this rate increase effective?

The budget provided funding on an on-going basis. The legislature may make different decisions in the future.

Will previous rate increases continue in 2025?

Rate increases authorized in prior budget years will continue in 2025.

When will I see the rate increase?

Providers should see the rate increase accounted for in their MCO payments for services incurred beginning July 1, 2024 for Professional Services rate increase and January 1, 2025 for all other rate increases listed in this document. HCA encourages providers to work directly with their MCO partners on any necessary contract amendments or updates.

How will HCA confirm that providers received the rate increase?

RCW 71.24.885 requires HCA to verify that targeted CBH provider rate increases have been passed through to providers. HCA and Milliman, HCA's actuary, will continue to monitor the encounter data (for encounter-based payments) and supplemental data received directly from MCOs (for non-encounter based payments) to evaluate whether providers received the anticipated rate increases for eligible services. Additionally, providers may reach out to the managed care mailbox for any concerns. HCA has a timely and accurate payment accountability process.

Are providers already receiving an enhanced rate (e.g. FQHC) eligible for the rate increase?

These rate increases only apply to encounter eligible services delivered by providers that are not already paid at an enhanced encounter rate or are eligible for supplemental payments (examples: FQHC/RHC, FQHC licensed as BHA, tribal facilities, tribal FQHC, PAP/ODP, physician services for trauma care).

What is the difference between the BH provider rate increase and the MCO BH rate increase?

The BH provider rate increase applies to non-BHAs. The MCO BH rate increase applies to BHAs (excluding hospital inpatient services). Add BHA and non-BHA distinction

What is the basis for HCA's implementation decisions?

HCA basis implementation decisions on the directives provided in the state operating budget. The legislature provides additional guidance for each rate increase through provisos in section 211 (Physical Health) and section 215 (Behavioral Health). See the enacted budget bill.

Where can I find the FFS fee schedules?

Fee-for-service fee schedules are available on the provider billing guides and fee schedules page.

Who do I contact about operationalizing these rate increases?

Wellpoint

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