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GROUND AMBULANCE AND PATIENT BILLING ADVISORY COMMITTEE

Ground Ambulance & Patient Billing Advisory Committee

Government Rate Setting Methodologies: Medicaid

CMS

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Government Rate Setting Methodologies: Medicaid Overview

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- State Medicaid programs set Ground Ambulance payments
- Payments must comply with federal laws and regulations (see 1902(a)(30)(A) of the Social Security Act (SSA), 42 CFR 430.10 and 447.201)
- States submit payment methodologies for CMS review and approval
- Payments are made under Medicaid State Plan FFS, managed care, or 1115(a) Medicaid demonstration authority

Government Rate Setting Methodologies: Medicaid Payment Types

Under Medicaid State Plan authority, states may pay for Medicaid services using a number of payment methodologies, for example:

- Specified rates: $200 per transport
- Using a formula: Ground ambulance is paid 95% of the current Medicare rate
- A fee schedule: The rates are the current state Medicaid fee schedule rates for services provided on or after 1/1/23

Government Rate Setting Methodologies: Medicaid Payment Types – Cost Reimbursement, 1

Medicaid payments to ground ambulance providers may be paid up to the allowable and incurred cost of providing emergency medical transportation services to Medicaid beneficiaries

- The methodology must contain all information necessary for CMS to determine whether it can be approved to serve as a basis for federal financial participation (FFP) in the state's Medicaid program
- See https://www.medicaid.gov/federal-policy-guidance/downloads/cib08172022.pdf

Government Rate Setting Methodologies: Medicaid Payment Types – Cost Reimbursement, 2

The Medicaid state plan must describe the policy and methods used to set payment rates for each type of service included in the State's Medicaid program

- For an allowable cost identification methodology that includes an interim payment methodology with cost reconciliation, a payment SPA must comprehensively describe the cost identification and reconciliation methodology that will be used to determine payments to providers

Government Rate Setting Methodologies: Medicaid Payment Types – Cost Reimbursement, 3

A ground ambulance reimbursement methodology must describe:

- The interim rate that will be paid to providers during the cost reporting period;
- The allowable direct and indirect cost associated with furnishing Medicaid-covered GEMT services;
- The cost identification and allocation processes used to determine the portion of provider costs claimed for Medicaid payment and;
- The procedures and timing for cost report completion and submission, and cost reconciliation with the providers.

Government Rate Setting Methodologies: Medicaid Payment Types – Cost Reimbursement, 4

The state's cost identification and allocation procedures and associated state-developed cost report templates and instructions must be consistent with federal cost allocation regulations under 2 C.F.R. § 200 and 45 C.F.R. § 75

Government Rate Setting Methodologies: Medicaid Payment Types – Cost Reimbursement, 5

- CMS reviews the state's cost report template and instructions prior to approving payment methods, but
- States must ensure that reported costs and associated claims for FFP are accurate and represent only costs associated with the provision of Medicaid-covered services.

Government Rate Setting Methodologies: Medicaid Payment Types – Cost Reimbursement, 6

- Please note that cost identification and allocation methodologies should not shift costs to the Medicaid program that are not related to a Medicaid-covered service, such as ground ambulance services, or allocate costs to Medicaid without using an appropriate allocation statistic to identify the portion of ground ambulance costs eligible for Medicaid payment.
- Costs that are claimed improperly may be subject to financial reviews and/or audit findings and place states at financial risk of liability to repay the federal share of any identified overpayments.

Government Rate Setting Methodologies: Supplemental Payments

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Target payments to public providers (local & state fire and rescue departments)

- Private providers - state pays nominal fee schedule rate
- Public providers - nominal fee schedule rate + cost reimbursement
- CMS may have concerns about:
  - Significant cost increases from supplemental payments
  - Methodologies that inappropriately shift costs to Medicaid from non-Medicaid service fire & rescue costs