

The background features a blurred image of a person lying in a hospital bed, overlaid with a green geometric pattern of hexagons and lines. Various medical icons are scattered throughout, including a syringe, a pill, a stethoscope, a microscope, a person icon, and a group of people icon. A large green cross is centered over the person in the bed. The text is positioned on the right side of the page, with a dark grey diagonal shape behind it.

**UTAH DEPARTMENT
OF HEALTH & HUMAN
SERVICES**

**Division of Integrated
Healthcare**

**Medicaid Reimbursement Rate
Comparative Analysis – Freestanding
Ambulatory Surgical Center Services**

June 2023



**MYERS AND
STAUFFER**_{LC}
CERTIFIED PUBLIC ACCOUNTANTS



Freestanding Ambulatory Surgical Center Executive Summary and Background

Summary

Based on the rate research, Utah Medicaid reimbursement for freestanding ambulatory surgical center (ASC) services is less than Medicare reimbursement, but greater than the average reimbursement levels of the other states surveyed. It should be noted that a comparison of fee schedule reimbursement rates does not provide a complete representation of reimbursement levels between Utah Medicaid, the Medicare program, and the other states in the research sample. For example, a comparatively high or low Utah Medicaid rate when compared to other states may signify a rate that is updated more frequently by Utah Medicaid than the other states. In addition, payment policies are often designed to address specific policy initiatives, so a Utah rate that appears higher than the comparison rate may result from a particular policy initiative designed to encourage access to or use of a particular service. Alternatively, a Utah rate that appears lower than the comparison rate may result because other states may have made targeted increases for specific services. Lastly, the impact of a high or low rate for a code is less meaningful if the code has low utilization. To understand the impact on reimbursement, the rates or the rate differential would need to be applied to utilization. Utah Medicaid utilization was not considered in this comparative analysis.

Background

The Utah Department of Health and Human Services, Division of Integrated Healthcare engaged Myers and Stauffer LC (Myers and Stauffer) to review and compare Utah Medicaid reimbursement rates to Medicare reimbursement rates and reimbursement rates from a sample of other state Medicaid programs for certain provider types and service categories. As part of this project, we have prepared a series of separate reports by service category. This report provides the results for freestanding ASC services, and is supported by a Microsoft Excel exhibit containing rate comparisons for the services analyzed.

The freestanding ASC services rate comparison applies to freestanding ASC services procedure codes provided to us by Utah Medicaid. Utah Medicaid rates are compared to Medicare rates and are geographically adjusted for Utah, where available. The comparison to other state rates is based on a sample of six other states—Colorado, Idaho, Kentucky, Montana, Nevada, and New Mexico. These states were selected due to their proximity to Utah, with the exception of Kentucky, which was included in the study due to the availability of its rates to our research team.

For freestanding ASC services, we compared rates by Current Procedural Terminology (CPT) code. Utah Medicaid provided a list of the top 25 procedure codes based on Medicaid expenditures. CPT code



41899 (*Other Procedures on the Dentoalveolar Structures*) was excluded from the study as this code is used for a wide range of dental services and may not be directly comparable across payers.

Myers and Stauffer relied on the most recent publicly-available information regarding fee schedules from Medicare and the sample of other states. Medicare rates are from the January 2023 Medicare Part B Ambulatory Surgical Center (ASC) Fee Schedule. Other state Medicaid rates are from published fee schedules obtained in March 2023, and the Utah Medicaid rates are rates effective July 1, 2023.

It is important to consider the following limitations when comparing reimbursement rates:

- *Government payers maintain more detailed information about fee schedules and underlying payment policies that may not be reflected in the information obtained from published fee schedules. Methodologies that Medicare and other state Medicaid programs use, and the resulting rates, are specific to their overall policies and economic environment, and it is important to understand there are policy decisions and unpublished context underlying the rate values. For example, a state may intentionally have a low rate for a certain procedure code to encourage utilization of another code or another service. The rate comparisons presented in this report did not include a comparison of underlying rate assumptions for rates from other payers or an analysis of broader state economic factors, as doing so would have been outside the scope of this project. The rate comparison serves to identify where Utah Medicaid rates fall in comparison to rates from a selection of other government payers.*
- *Information regarding the costs of freestanding ASC services are not included in this analysis and report. There is limited information available on provider costs for services reimbursed on a fee schedule basis. Cost information is more readily available for institutional services, such as hospital services.*
- *Differences in rate levels may not always be meaningful; they could be due to limited sample sizes, and/or differences in payment methodologies, and/or services covered. Additional research may be necessary to understand these variations.*
- *We could not provide a comparison for every service because of differences in covered benefits or how services are organized. A rate value was not included in the rate comparison if the service did not have a Medicare rate or a rate from the sample of other states.*
- *The rate comparison was limited in scope to comparing reimbursement rates. The rate comparisons and this report make no conclusions regarding the sufficiency of Utah Medicaid reimbursement rates, or recommendations that Utah Medicaid take any specific action. Information is presented for comparison purposes only.*



Reimbursement Rate Comparisons

The freestanding ASC services comparisons are summarized in this section. These rate comparisons serve as points of reference only, providing the opportunity to identify those services where Utah Medicaid rates appear high or low when compared to rates for similar services paid by Medicare and the comparison Medicaid states, where rates appear high or low as compared to rates for services in other service categories, or where rates within a service category vary significantly from one another. As noted above, if Medicare or the state did not have a rate, or had a rate of zero, the code is not included in the average in order to avoid distorting the results.

The comparison of Utah rates to Medicare and a sample of other states is not intended to suggest a desired fee schedule amount or level of reimbursement. Health care payers, including Medicare and state Medicaid agencies, differ in how they determine benefits and define services, the limitations they place on services, who is eligible for the services, who the providers are that deliver the services, and numerous other factors that affect reimbursement methodologies and fees.

State legislation determines Medicaid agency budgets based on state revenues, and appropriations are authorized by the legislature and provide agencies with authority to expend funds. Therefore, state agencies are limited in amounts for reimbursement rates based on state budgets. In addition, the federal government's share of a state's expenditures through the Federal Medical Assistance Percentage (FMAP) varies by state and provides differing levels of federal support across states. Of the states included in the research sample, the highest FMAP rate for federal fiscal year 2023 is 72.59 percent for New Mexico, and the lowest is 50.00 percent for Colorado (the FMAP for Utah is 65.90 percent). Factors relating to state budgetary levels and federal financial assistance are not considered in this analysis.

Utah Medicaid requested a review of 25 ASC codes. The Medicare fee schedule contains rates for 24 of those codes. The exception is CPT 29826 (*arthroscopy, shoulder surgical; decompression of subacromial space with partial acromioplasty, with coracoacromial ligament release, when performed*), which is covered by Medicare but considered bundled with no separate payment. Two states, Colorado and Idaho, cover all 25 codes. Montana and Nevada each cover 24 of the codes, and New Mexico covers 22 of the codes.

We calculated two comparison rates to compare to Utah Medicaid rates. The first comparison rate is the Medicare rate, and the second comparison rate is the average of the six comparison state Medicaid program rates. This information made it possible to quantify how Utah Medicaid rates across services compare to other rates in the research sample by calculating the Utah Medicaid rate as a percent of the comparison rates.



MEDICAID REIMBURSEMENT RATE COMPARATIVE ANALYSIS – FREESTANDING AMBULATORY SURGICAL CENTER SERVICES

Table 1 summarizes the comparison results by procedure code. Column E contains the Medicare comparison percentage, and column G contains the Medicaid comparison percentage.

Table 1. Freestanding ASC Services Rate Comparison

Freestanding Ambulatory Surgical Center Services						
A	B	C	D	E	F	G
Procedure Code	Description	Utah Medicaid Rate	Medicare Comparison		Medicaid Comparison	
			Medicare Rate	Utah as % of Medicare Rate	Average of Other State Medicaid Rates	Utah as % of Other State Medicaid Rates
23515	OPEN TRMNT CLAVICULAR FX,W W/O INTERNAL/EXTERN FI	\$2,576.31	\$4,032.63	63.8%	\$2,106.79	122%
27279	ARTHRODESIS SACROILIAC JOINT	\$10,256.63	\$16,054.92	63.8%	\$11,682.90	88%
27829	OPEN TRMNT DISTAL TIBIOFIBULAR JOINT DISRUPT, FIXAT	\$2,604.54	\$4,076.82	63.8%	\$1,842.86	141%
28730	ARTHRODES, MIDTARS/TARSMET ATRS MULT/TRNSV	\$5,802.14	\$9,082.08	63.8%	\$3,829.13	152%
29826	ARTHROSCOPY, SHOULDER, SURG DECOMP W/WO CORACRML RE	\$991.09			\$786.67	126%
29827	ARTHROSCOPY, SHOULDER, SURGICAL; W ROTATOR CUFF REPR	\$1,881.20	\$2,944.41	63.8%	\$1,744.25	108%
29888	ARTHROSCOPICALLY AID ANTE LIGAMENT REPAIR/RECONST	\$2,542.72	\$3,980.04	63.8%	\$2,387.21	107%
30140	SUBMUCOUS RESECTION TURBINAT, PART/COMP, ANY METHOD	\$688.68	\$1,077.91	63.8%	\$732.63	94%
30465	REPAIR OF NASAL VESTIBULAR STENOSIS	\$1,528.41	\$2,392.23	63.8%	\$1,768.58	86%
36903	INTRO CATH DIALYSIS CIRCUIT	\$4,097.69	\$6,414.11	63.8%	\$5,733.86	71%
42820	TONSILLECTOMY AND ADENOIDECTOMY; UNDER AGE 12	\$1,528.41	\$2,392.23	63.8%	\$1,179.45	130%
43239	UPPER GASTROINT. ENDOSCOPY 4/BIOP, SINGLE/MULTIPLE	\$257.67	\$403.31	63.8%	\$374.70	69%
43249	ESOPH EGD DILATION <30 MM	\$451.12	\$706.08	63.8%	\$495.13	91%
45380	COLONOSCPY, FLEX, PROXIMAL SPLEN FLEX; W BIOPSY, SING	\$338.03	\$529.06	63.8%	\$416.21	81%
45385	COLONOSCPY, FLEX; REMOVAL TUMOR, POLYP, SNARE TECH	\$338.03	\$529.06	63.8%	\$416.21	81%
47563	LAPAROSCPY, SURG; CHOLECYST ECTOMY W CHOLANGIOGRAPH	\$1,497.92	\$2,344.51	63.8%	\$1,730.59	87%
62321	NJX INTERLAMINAR CRV/THRC	\$201.12	\$314.80	63.8%	\$284.82	71%



MEDICAID REIMBURSEMENT RATE COMPARATIVE ANALYSIS – FREESTANDING AMBULATORY SURGICAL CENTER SERVICES

Freestanding Ambulatory Surgical Center Services						
A	B	C	D	E	F	G
Procedure Code	Description	Utah Medicaid Rate	Medicare Comparison		Medicaid Comparison	
			Medicare Rate	Utah as % of Medicare Rate	Average of Other State Medicaid Rates	Utah as % of Other State Medicaid Rates
62323	NJX INTERLAMINAR LMBR/SAC	\$201.12	\$314.80	63.8%	\$284.82	71%
63030	LAMINOTOMY, DECOMPRESS NERVE ROOT, 1 INTERSPACE, LUM	\$1,881.20	\$2,944.41	63.8%	\$2,564.62	73%
63650	PERCUTANEOUS IMPLANT NEUROSTIMULT ELECTR, EPIDURAL	\$2,944.98	\$4,609.75	63.8%	\$2,669.52	110%
63685	INSERTN OR REPLACE SPIN NEURO GEN/REC, DIR/INDUCTI	\$14,817.07	\$23,193.72	63.8%	\$12,539.70	118%
64590	INSERTN OR REPLACE PERIPH NEURO GEN/REC, DIR/INDUC	\$11,590.05	\$18,142.32	63.8%	\$9,928.59	117%
64635	DESTROY LUMB/SAC FACET JNT	\$511.97	\$801.33	63.8%	\$558.64	92%
66982	EXTRACAPSULAR CATARACT REMOVAL W/INSERT PROS, CMLX	\$660.14	\$1,033.23	63.8%	\$900.76	73%
66984	EXTRACAPSULAR CATARACT REMOVAL W INSERTION LENS	\$660.14	\$1,033.23	63.8%	\$900.76	73%
Overall Average		\$2,833.94	\$4,556.12	63.8%	\$2,714.38	104%

Observations from the freestanding ASC services rate comparisons include:

- Utah Medicaid rates are 63.8 percent of the Medicare rates for Utah for each procedure code. The State’s rate setting methodology for rates effective July 1, 2023 established rates at 63.8 percent of Medicare.
- Utah Medicaid rates are an average of 104 percent of the other state rates, with the highest rate at 152 percent, and the lowest rate at 69 percent.

The accompanying exhibit (Microsoft Excel workbook titled “Free-Standing ASC Services Exhibit A Utah Rate Study”) contains the complete list of the procedure codes in this comparison along with the Utah Medicaid rates, the Medicare rates, and the other state Medicaid rates for each code.