



**UTAH DEPARTMENT OF
HEALTH & HUMAN
SERVICES**
Division of Integrated
Healthcare

**Medicaid Reimbursement Rate
Comparative Analysis – Physician and
Psychology Services**

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**MYERS AND
STAUFFER**
CERTIFIED PUBLIC ACCOUNTANTS



Physician and Psychology Services Executive Summary and Background

Summary

Based on the rate research, Utah Medicaid reimbursement for physician services is, on average, less than Medicare reimbursement and reimbursement levels of the other states surveyed. Utah Medicaid reimbursement for psychology services is, on average, greater than Medicare reimbursement and 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 physician and psychology services, and is supported by a Microsoft Excel exhibit containing rate comparisons for the services analyzed.

The physician and psychology services rate comparison applies to all physician procedure codes reimbursed by Utah Medicaid and was based on a list of psychology procedure codes provided to us by the State. 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.



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For physician services, we compared rates by Healthcare Common Procedure Coding System (HCPCS) and Current Procedural Terminology (CPT) code. We included all physician fee schedule HCPCS and CPT codes, except for laboratory and radiology services, which were evaluated in separate analyses. This review includes services performed by the practitioner types that are included in the State’s annual physician fee schedule rebasing process.¹ For psychologist services, we compared rates by HCPCS and CPT code based on a list of the top six procedure codes based on Medicaid expenditures.

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 Physician Fee Schedule (MPFS). 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.*
- *In addition to fee schedule reimbursement, some states make supplemental payments for physician services. Physician supplemental payments are typically targeted to physicians and practitioners associated with academic medical centers and safety net hospitals. Utah Medicaid makes physician supplemental payments to the University of Utah Medical Group (UUMG). The supplemental payment is intended to result in UUMG receiving reimbursement at the average commercial rate. These supplemental payments, and any physician supplemental payments from the sample of other states, were not included in the reimbursement comparisons in this report.*
- *Information regarding the costs of physician and psychology 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.*

¹ Physician, Osteopath, Certified Social Worker, Podiatrist, Optometrist, Speech Pathologist, Occupational Therapist, Audiologist, Physical Therapist, Registered Nurse, Clinical Social Worker, Marriage and Family Therapist, Nurse Practitioner, Alcohol Drug Center, Public Health Department Clinic, Mental Health Center, and Optical Supplier.



- *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 comparison study 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 physician and psychology services rate 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 a 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.



Physician Services

This section contains the comparison of reimbursement rates for physician and other practitioner services that are included in the state’s annual physician fee schedule rebasing process.

The Medicare program, Utah Medicaid, and the Medicaid programs in the six comparison states calculate physician rates based on the Resource-Based Relative Value Scale payment methodology used by Medicare since 1991. Under this methodology, physician services are divided into three cost components:

- *Physician work – the time spent by the physician to provide the service.*
- *Practice expense – the costs of operating the physician practice.*
- *Professional liability (malpractice) insurance.*

A separate relative value unit (RVU) is established for each of the cost components that represent the resource cost of the service. The average relative weights of the cost components in the MPFS are physician (52 percent), practice (44 percent), and malpractice (four percent). For each service, the physician payment is calculated by multiplying the sum of the service RVUs by a conversion factor to convert the RVUs into a dollar value. Payments can also be adjusted for geographical differences.

Due to the volume of procedure codes in the state’s physician fee schedule (more than 6,000 Medicaid-covered codes), we grouped the physician fee schedule procedure codes into 10 physician service categories to facilitate meaningful comparisons. The physician service categories and procedure code ranges are noted in *Table 1*.

Table 1. Physician Service Categories and Procedure Code Ranges

Physician Services	
Physician Service Category	Procedure Code Range
Surgery	10004-19380 and 60225-60650
Musculoskeletal	20100-29999
Respiratory/Cardiovascular	30000-39599
Digestive	40490-53899
Maternity/OBGYN	59120-59870
Nervous System	61000-64999
Vision/Audiology	65091-69999
Medicine (including COVID)	90460-99601
Evaluation and Management (E/M)	99202-99499
Professional Miscellaneous	All other professional codes



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We compared reimbursement rates for the physician procedure codes provided by Utah Medicaid in the state’s physician fee schedule rebase file. Procedure codes that are not covered by Utah Medicaid were excluded. In addition, we excluded two procedure codes (93895 and 99078) that did not have a Utah Medicare rate, Medicare rate, or a Medicaid rate from the other states analyzed.

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.

In comparing Utah Medicaid rates to other payers, it should be noted that Utah Medicaid pays rural physicians, as defined by the county in which the physician is located, at 112 percent of the published Medicaid fee schedule rates (See *Table 2*).

Table 2. Physician Services Rate Comparison: Physician Service Categories

Physician Services							
A	B	C	D	E	F	G	H
Physician Service Category	Average Utah Medicaid Rate	Medicare Comparison		Medicaid Comparison			
		Average Medicare 2023 Rate	Utah as % of Medicare Rate	Average of Other State Medicaid Rates	Utah as % of Other State Medicaid Rates	Average Highest State Rate	Average Lowest State Rate
Surgery	\$371.22	\$484.56	77%	\$414.26	90%	\$627.93	\$252.20
Musculoskeletal	\$546.52	\$711.23	77%	\$628.98	87%	\$923.62	\$391.09
Respiratory/Cardiovascular	\$827.01	\$1,087.67	76%	\$991.67	83%	\$1,422.38	\$602.96
Digestive	\$638.19	\$834.93	76%	\$723.29	88%	\$1,097.47	\$425.27
Maternity/OBGYN	\$609.52	\$776.98	78%	\$728.30	84%	\$1,025.80	\$531.26
Nervous	\$849.63	\$1,107.16	77%	\$988.98	86%	\$1,427.72	\$689.28
Vision/Audiology	\$527.71	\$685.68	77%	\$629.99	84%	\$922.32	\$401.09
Medicine/COVID	\$92.72	\$157.73	59%	\$149.58	62%	\$238.46	\$89.50
E/M	\$93.62	\$133.45	70%	\$120.33	78%	\$157.00	\$92.71
Prof Miscellaneous	\$489.12	\$645.05	76%	\$571.12	86%	\$821.38	\$397.63
Overall Average	\$562.24	\$752.64	75%	\$658.43	85%	\$966.89	\$411.77



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Observations from the physician services rate comparison include:

- Utah Medicaid rates are an average of 75 percent of the Medicare rates for Utah. The highest comparison category is Maternity/OBGYN at 78 percent of Medicare, and the lowest comparison category is Medicine/COVID at 59 percent of Medicare rates.
- Utah Medicaid rates are an average of 85 percent of the other states, with the surgery category the highest at 90 percent, and the Medicine/COVID category the lowest at 62 percent.

We also compared reimbursement rates for E/M procedure codes. E/M coding is the use of CPT codes from the range 99202-99499 to represent services provided by a physician or other qualified health care professional. Examples of E/M services include office visits, hospital visits, home services, and preventive medicine services. E/M services are typically high-volume services for Medicare, Medicaid, and third-party payers. *Table 3* contains a comparison of reimbursement rates for the E/M categories.

Table 3. Physician Services Rate Comparison: E/M Service Categories

Physician Services							
A	B	C	D	E	F	G	H
E/M Category	Average Utah Medicaid Rate	Medicare Comparison		Medicaid Comparison			
		Average Medicare 2023 Rate	Utah as % of Medicare Rate	Average of Other State Medicaid Rates	Utah as % of Other State Medicaid Rates	Average Highest State Rate	Average Lowest State Rate
Office	\$67.34	\$86.38	78%	\$88.73	76%	\$116.71	\$65.61
Facility	\$89.44	\$129.13	69%	\$111.73	80%	\$147.11	\$86.77
ER / Critical Care	\$216.85	\$281.81	77%	\$283.56	76%	\$362.29	\$227.41
Nursing Facility	\$82.18	\$106.79	77%	\$93.64	88%	\$125.37	\$64.42
Home	\$91.17	\$110.47	83%	\$118.85	77%	\$153.36	\$95.79
Telemedicine	\$48.17	\$62.60	77%	\$51.35	94%	\$71.71	\$31.88
Overall Average	\$93.62	\$133.45	70%	\$120.33	78%	\$157.00	\$92.71

This comparisons in *Table 3* indicate that Utah Medicaid rates for E/M services are an average of 70 percent of the Medicare rates for Utah. Utah Medicaid rates are an average of 78 percent of the other states.

The accompanying exhibit (Microsoft Excel workbook titled “Physician and Psychology Exhibit A Utah Rate Study”) contains the complete list of physician and other practitioner procedure codes in this comparison along with the Utah Medicaid rates, the Medicare rates, and the six state Medicaid rates for each code.



Psychology Services

For psychology services, we compared reimbursement rates for the six psychology procedure codes provided by Utah Medicaid. 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.

Kentucky and New Mexico psychology rates differ based on practitioner educational qualifications. Rates for both states are highest for physicians with a degree of Doctor of Medicine (MD) or Doctor of Osteopathic Medicine (DO). Rates are reduced for lower-level degrees. The MD/DO rates for Kentucky and New Mexico were used in our comparisons.

Table 4 summarizes the comparison results by psychology procedure code. Column E contains the Medicare comparison percentage, and column G contains the Medicaid comparison percentage.

Table 4. Psychology Services Rate Comparison

Psychology Services								
A	B	C	D	E	F	G	H	I
Procedure Code	Description	Utah Medicaid Rate	Medicare Comparison		Medicaid Comparison			
			Medicare 2023 Rate	Utah as % of Medicare Rate	Average of Other State Medicaid Rates	Utah as % of Other State Medicaid Rates	Highest State Rate	Lowest State Rate
90834	PSYTX PT&/FAMILY 45 MINUTES	\$121.28	\$98.06	124%	\$93.04	130%	\$140.58	\$62.90
90837	PSYTX PT&/FAMILY 60 MINUTES	\$150.93	\$144.32	105%	\$135.26	112%	\$206.70	\$94.13
90853	GROUP PSYCHOTHERAPY	\$10.17	\$26.23	39%	\$26.68	38%	\$37.41	\$19.29
96131	PSYCL TST EVAL PHYS/QHP EA	\$165.48	\$85.16	194%	\$89.03	186%	\$123.52	\$72.39
96133	NRPSYC TST EVAL PHYS/QHP EA	\$165.48	\$96.46	172%	\$98.24	168%	\$140.58	\$80.74
96137	PSYCL/NRPSYC TST PHY/QHP EA	\$82.74	\$37.53	220%	\$41.28	200%	\$55.41	\$33.44
Overall Average		\$116.01	\$81.29	143%	\$80.59	144%	\$117.37	\$60.48

Observations from the psychology services rate comparisons include:

- Utah Medicaid rates are an average of 143 percent of the Medicare rates for Utah. The highest rate is 220 percent of the Medicare rate, and the lowest rate is 39 percent of the Medicare rate.



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- *Utah Medicaid rates are an average of 144 percent of the other states, with the highest rate at 200 percent, and the lowest rate at 38 percent.*

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