



CABINET FOR HEALTH
AND FAMILY SERVICES

Update on Senate Joint Resolution 54

December 13, 2023

Lisa D. Lee, Commissioner

Section 3 of HJR 54 of the 2023 Regular Session – Effective Date March 22, 2023

The Department for Medicaid Services is hereby directed to examine the current reimbursement rates paid to outpatient pediatric therapy providers, including providers of **pediatric audiology services, behavioral therapy services, occupational therapy services, physical therapy services, and speech therapy services**, develop a proposal for increasing those reimbursement rates, and submit a report containing the findings of the examination and the proposal for rate increases to the Interim Joint Committees on Appropriations and Revenue and Health, Welfare, and Family Services no later than July 15, 2023.

The total amount paid to providers for pediatric claims was:

- **Greater than** the amount paid to providers for adult claims for
 - Audiology (\$756,623 vs \$267,706)
 - Occupational Therapy (\$14.8MM vs \$2.5MM)
 - Speech Therapy (\$14.3MM vs \$2.1MM)
- **Less than** the amount paid to providers for adult claims for
 - Behavioral Health (\$149.4MM vs \$338.4MM)
 - Physical Therapy (\$7.1MM vs \$13.1MM)

Compared to Fee-For-Service, MCOs represented:

- The **majority** of units billed and total amount paid to providers for
 - Pediatric claims for all services (approx. 80 – 97% MCO)
 - Adult claims for Audiology, Behavioral Health, and Physical Therapy
- The **minority** of units billed and total amount paid to providers for
 - Adult claims for Occupational Therapy (32% MCO vs 68% FFS) and Speech Therapy (4% MCO vs 96% FFS)

Audiology Reimbursement

Lesser of the provider's usual and customary charge or rate established on Medicaid fee schedule for audiology services

112 procedure codes on 2023 fee schedule

Rates range from \$2 (battery) to \$200 (dispensing fee) for 65 codes

48 codes for hearing aids are reimbursed based on manufacture invoice and limited to \$1200 maximum per ear for 36 months

1 code is reimbursed at 65% of billed charges – dispensing fee, contralateral, monaural

Behavioral Health Therapy

Includes treatment for behavioral health, substance use disorder, or co-occurring mental health and substance use disorder

Can be provided by:

- Individual providers
- Community Mental Health Centers
- Federally Qualified Health Care Centers
- Behavioral Health Services Organizations
- Behavioral Health Multi Specialty Groups

Can include:

- Individual outpatient therapy
- Family outpatient therapy
- Group outpatient therapy
- Collateral outpatient therapy
- Applied behavior analysis

Behavioral Health Therapy Reimbursement

Must be based on an acceptable methodology

Can be one of three methods:

- Resource-based relative value scale, taking into account physician time and effort
- A fixed percentage of either Medicare or commercial payments
- Use of a state-specific internal process based on market conditions, costs of care, and other factors

Kentucky Medicaid uses a fixed percent of Medicare

Behavioral Health Therapy Reimbursement

- Different rates depending on rendering provider type (not an inclusive list):
 - Psychiatrist
 - Advanced Practice Registered Nurse
 - Licensed Clinical Social Worker
 - Certified Alcohol and Drug Counselor
- Services expanded in 2014
- Fee schedule recently combined into one rather than inpatient and outpatient
- Rates based on time or event

Behavioral
Health Therapy
Reimbursement

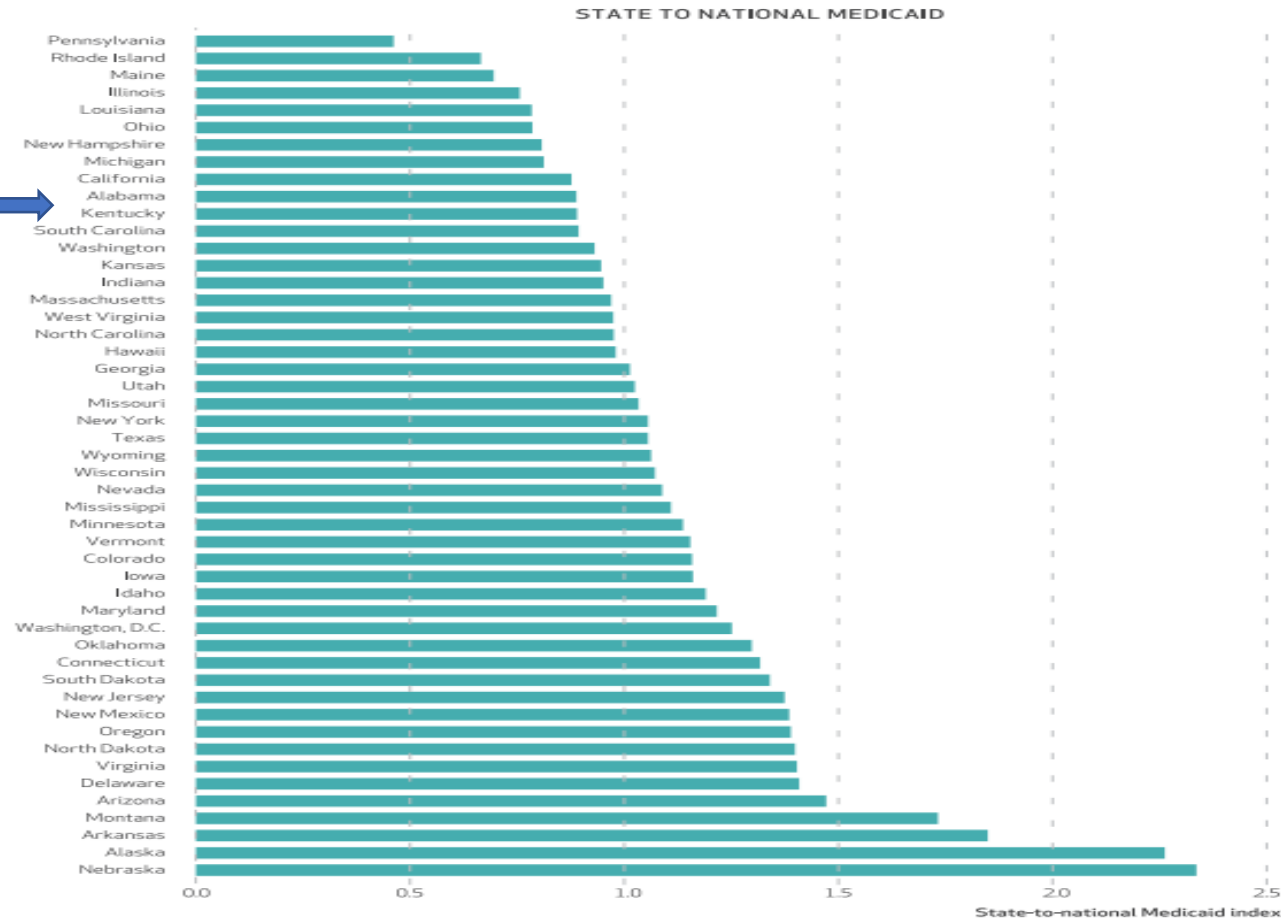
Total of 98 codes on the
Behavioral Health fee
schedule

Approximately 30 codes
related to therapy

Behavioral Health Rate Comparison with National Average

EXHIBIT 3

State-to-national Medicaid fee index comparing reimbursement rates for selected mental health services across state Medicaid programs with a national average, 2022



[Medicaid Reimbursement For Psychiatric Services: Comparisons Across States And With Medicare \(healthaffairs.org\)](https://www.healthaffairs.org)

Behavioral Health Reimbursement

States with highest reimbursement rates:

- Nebraska Alaska, Arkansas, Montana, Arizona, Delaware, Virginia, North Dakota, Oregon, New Mexico

States with lowest reimbursement rates:

- Pennsylvania, Rhode Island, Maine, Illinois, Louisiana

Variation in rates across states can be attributed to:

- Geographic cost of living differences
- State rate-setting processes

Occupational Therapy

Independent providers added as billable July 2014

Providers must be:

- Enrolled as active Medicaid provider
- Be licensed with the Kentucky Board of Licensure for Occupational Therapy

Covered services:

- Medically necessary
- Prior authorized
- Referral by a physician, physician assistant, or advanced practice registered nurse for:
 - Maximum reduction of a physical or intellectual disability
 - Restoration to a member's best possible functioning level

Occupational Therapy

Annual limit of twenty (20) visits per member per calendar year

Limit may be exceeded if determined medically necessary

Prior authorizations required for over 20 visits

Duplication of services: Department will not reimburse for services provided to a member by more than one provider during the same time period

- Example, if member is receiving occupational therapy from therapist enrolled in the Medicaid program, the department will not reimburse for occupational therapy provided to the same member during the same time period via home health program

Occupational Therapy Reimbursement

- 2 fee schedules – non-facility and facility
- Rates differ for Therapist and Assistant
- 64 codes on fee schedule
- 23 codes based on time
- 42 codes based on per episode
- Non-facility rates range from \$3.42 for paraffin bath therapy to \$147.77 for muscle test 4 limbs
- Facility rates range from \$5.94 for test prep to \$139.24 for Speech Sound Language Comprehension
- Aggregate difference in rates:
 - \$64.82 between non-facility and facility for therapists
 - \$57.79 between non-facility and facility for assistants

Occupational Therapy Reimbursement Comparison

DSC_PROC	TOTAL_PAID 2022	KY	INDIANA	TX	Alabama	N Carolina
Aquatic Therapy/Exercises	\$14,807.17	\$16.06	\$30.81	\$27.00	\$0.00	\$0.00
Assistive Technology Assess	\$23.24	\$23.24	NOCOV	\$0.00	\$0.00	\$0.00
Community/Work Reintegration	\$1,875.08	\$19.39	\$21.92	\$29.66	\$0.00	\$0.00
Devel Tst Phys/Qhp 1st Hr	\$75,191.17	\$78.80	\$99.08	\$0.00	\$103.00	\$0.00
Devel Tst Phys/Qhp Ea Addl	\$59,885.83	\$33.70	\$44.21	\$0.00	\$46.75	\$0.00
Developmental Screen W/Score	\$20.85	\$7.29	\$5.61	\$0.00	\$10.00	\$0.00
Electric Current Therapy	\$0.00	\$11.86	\$23.00	\$28.23	\$0.00	\$0.00
Electric Stimulation Therapy	\$1,267.74	\$8.96	\$11.44	\$12.92	\$0.00	\$0.00
Electrical Stimulation	\$293.89	\$8.96	\$13.82	\$29.66	\$0.00	\$0.00
Gait Training Therapy	\$135,044.12	\$17.96	\$20.57	\$31.22	\$0.00	\$21.05
Manual Therapy 1/> Regions	\$104,081.46	\$16.56	\$21.63	\$25.44	\$0.00	\$22.31
Neuromuscular Reeducation	\$356,965.39	\$20.79	\$24.15	\$27.00	\$0.00	\$24.73
Ot Eval High Complex 60 Min	\$46,546.09	\$61.52	\$56.43	\$116.19	\$52.76	\$67.34
Ot Eval Low Complex 30 Min	\$31,608.97	\$61.52	\$56.43	\$116.19	\$52.76	\$67.34
Ot Eval Mod Complex 45 Min	\$42,443.30	\$61.52	\$56.43	\$116.19	\$52.76	\$67.34
Ot Re-Eval Est Plan Care	\$27,579.71	\$42.02	\$37.24	\$104.57	\$34.78	\$44.44
Paraffin Bath Therapy	\$39.42	\$3.42	\$7.72	\$8.90	\$0.00	\$0.00
Physical Performance Test	\$597.51	\$20.26	\$23.98	\$27.00	\$0.00	\$24.63
Self Care Mngment Training	\$364,164.39	\$19.88	\$25.14	\$27.00	\$0.00	\$25.34
Sensory Integration	\$333,686.64	\$37.99	\$21.15	\$0.00	\$0.00	\$22.33
Therapeutic Activities	\$6,124,968.90	\$22.34	\$25.12	\$27.00	\$0.00	\$25.31
Therapeutic Exercises	\$691,792.93	\$17.96	\$23.15	\$33.75	\$0.00	\$24.05
Ultrasound Therapy	\$130.95	\$8.65	\$9.28	\$27.82	\$0.00	\$0.00
Wheelchair Mngment Training	\$4,981.62	\$19.39	\$22.16	\$27.00	\$0.00	\$23.26
Whirlpool Therapy	\$404.03	\$10.26	\$16.62	\$19.24	\$0.00	\$0.00

Physical Therapy

Independent providers added as billable July 2014

Providers must be:

- Enrolled as active Medicaid provider
- Be licensed with the Kentucky Board of Physical Therapy

Covered services:

- Medically necessary
- Prior authorized
- Referral by a physician, physician assistant, or advanced practice registered nurse for:
 - Maximum reduction of a physical or intellectual disability
 - Restoration to a member's best possible functioning level

Physical Therapy

Annual limit of twenty (20) visits per member per calendar year

Limit may be exceeded if determined medically necessary

Prior authorizations required for over 20 visits

Duplication of services: Department will not reimburse for services provided to a member by more than one provider during the same time period

- Example, if member is receiving physical therapy from therapist enrolled in the Medicaid program, the department will not reimburse for physical therapy provided to the same member during the same time period via home health program

Physical Therapy Reimbursement

- 2 fee schedules for non-facility and facility
- Rates differ for Therapist and Assistant
- 103 codes on fee schedule
- 25 codes based on time
- 19 codes flat fee
- 59 codes based on per episode
- Not a significant difference in rates between non-facility and facility for

Physical Therapy Rate Comparison

DSC_PROC	TOTAL PAID 2022	KY	INDIANA	TX	ALABAMA	N Carolina
Assistive Technology Assess	\$23.24	\$23.24	NOCO	\$0.00	\$0.00	\$25.34
Canalith Repositioning Proc	\$261.48	\$26.67	NOCO	\$0.00	\$0.00	\$35.76
Devel Tst Phys/Qhp 1st Hr	\$75,191.17	\$78.80	\$99.08	\$0.00	\$103.00	\$0.00
Devel Tst Phys/Qhp Ea Addl	\$59,885.83	\$37.03	\$44.21	\$0.00	\$46.75	\$0.00
Developmental Screen W/Score	\$20.85	\$7.29	\$5.61	\$0.00	\$10.00	\$0.00
Electric Current Therapy	\$0.00	\$11.86	\$23.00	\$35.29	\$49.84	\$20.41
Electric Stimulation Therapy	\$1,267.74	\$8.85	\$11.44	\$12.42	\$36.00	\$0.00
Electrical Stimulation	\$293.89	\$8.96	\$13.82	\$29.66	\$0.00	\$13.86
Gait Training Therapy	\$135,044.12	\$17.96	\$20.57	\$24.98	\$0.00	\$21.05
Group Therapeutic Procedures	\$6,585.01	\$10.80	\$12.66	\$34.31	\$0.00	\$0.00
Manual Therapy 1/> Regions	\$104,081.46	\$16.56	\$21.63	\$31.80	\$0.00	\$22.31
Mechanical Traction Therapy	\$889.95	\$8.77	\$11.59	\$13.21	\$0.00	\$12.38
Musc Test Done W/N Test Comp	\$283.16	\$59.58	\$65.13	\$0.00	\$56.04	\$0.00
Nrv Cndj Test 11-12 Studies	\$156.48	\$151.37	\$188.61	\$0.00	\$179.32	\$0.00
Nrv Cndj Test 7-8 Studies	\$107.68	\$107.68	\$131.77	\$0.00	\$126.19	\$0.00
Nrv Cndj Test 9-10 Studies	\$0.00	\$129.82	\$160.31	\$0.00	\$152.98	\$0.00
Nrv Cndj Tst 5-6 Studies	\$44.51	\$82.29	\$100.25	\$0.00	\$95.82	\$0.00
Orthc/Prostc Mgmt Sbsq Enc	\$871.53	\$32.04	\$34.78	\$35.66	\$0.00	\$19.15
Orthotic Mgmt&Traing 1st Enc	\$14,704.50	\$29.03	\$33.83	\$30.46	\$59.77	\$27.21
Paraffin Bath Therapy	\$39.42	\$3.42	\$7.72	\$8.90	\$0.00	\$6.58
Physical Performance Test	\$597.51	\$20.26	\$23.98	\$27.00	\$0.00	\$0.00
Pt Eval High Complex 45 Min	\$20,314.66	\$61.14	\$58.17	\$116.19	\$185.00	\$69.42
Pt Eval Low Complex 20 Min	\$91,954.02	\$61.14	\$58.17	\$116.19	\$54.35	\$69.42
Pt Eval Mod Complex 30 Min	\$110,046.02	\$61.14	\$58.17	\$116.19	\$54.35	\$69.42
Pt Re-Eval Est Plan Care	\$50,235.82	\$41.85	\$39.39	\$104.57	\$36.74	\$47.04
Self Care Mngment Training	\$364,164.39	\$19.88	\$25.14	\$27.00	\$0.00	\$25.34
Sensory Integration	\$333,686.64	\$37.99	\$21.15	\$0.00	\$0.00	\$22.33
Therapeutic Activities	\$6,124,968.90	\$21.66	\$25.12	\$37.13	\$0.00	\$25.31
Therapeutic Exercises	\$691,792.93	\$22.34	\$23.15	\$27.00	\$0.00	\$24.05
Ultrasound Therapy	\$130.95	\$8.65	\$9.28	\$30.16	\$0.00	\$9.91
Wheelchair Mngment Training	\$4,981.62	\$19.39	\$22.16	\$13.21	\$38.49	\$23.26
Whirlpool Therapy	\$404.03	\$10.16	\$16.62	\$19.24	\$0.00	\$14.46

Speech Therapy

Independent providers added as billable July 2014

Providers must be:

- Enrolled as active Medicaid provider
- Be licensed with the Kentucky Board of Speech-Language Pathology

Covered services:

- Medically necessary
- Prior authorized
- Order must be signed by a physician, physician assistant, or advanced practice registered nurse for:
 - Maximum reduction of a physical or intellectual disability
 - Restoration to a member's best possible functioning level

Speech Therapy

Annual limit of twenty (20) visits per member per calendar year

Limit may be exceeded if determined medically necessary

Prior authorizations required for over 20 visits

Duplication of services: Department will not reimburse for services provided to a member by more than one provider during the same time period

- Example, if member is receiving speech therapy from a speech-language pathologist enrolled in the Medicaid program, the department will not reimburse for speech-language services provided to the same member during the same time period via home health program

Speech Therapy Reimbursement

2 fee schedules – non-facility and facility

105 codes on fee schedule

20 codes based on time

3 codes have a flat fee

82 codes based on per episode

Non-facility rates range from \$5.94 for test prep to \$139.24 for Speech Sound Language Comprehension

Facility rates range from \$5.94 for test prep to \$139.24 for Speech Sound Language Comprehension

Speech Therapy Reimbursement

Between the facility and non-facility fee schedules, 34 codes have different reimbursement rates

Differences range from a low of \$0.19 (acoustic refl threshold test) to a high of \$72.47 (endoscopy swallow vid)

In aggregate, the facility fee schedule is \$3,448.24 lower than the non-facility fee schedule

Speech language pathologists receive 63.75% of the Kentucky-Specific Medicare physician fee schedule

Speech Therapy Reimbursement Comparison

DSC_PROC	TOTAL PAID	KY	INDIANA	TX	Alabama	N Carolina
Behavral Qualit Analys Voice	\$263.54	\$67.58	\$69.37	\$86.82	\$50.96	\$81.20
Cognitive Test By Hc Pro	\$278.65	\$63.50	NO COV	\$0.00	\$52.88	\$72.32
Devel Tst Phys/Qhp 1st Hr	\$75,191.17	\$78.80	\$99.08	\$0.00	\$103.00	\$0.00
Devel Tst Phys/Qhp Ea Addl	\$59,885.83	\$37.03	\$44.21	\$0.00	\$46.75	\$0.00
Developmental Screen W/Score	\$20.85	\$7.29	\$5.61	\$0.00	\$10.00	\$0.00
Evaluate Speech Production	\$14,693.38	\$68.54	\$67.05	\$127.36	\$49.33	\$78.28
Evaluate Swallowing Function	\$19,337.96	\$52.01	\$61.60	\$205.12	\$26.00	\$63.36
Evaluation Of Speech Fluency	\$1,773.21	\$81.54	\$82.36	\$101.12	\$115.85	\$78.28
Ex For Speech Device Rx 1hr	\$6,315.75	\$75.44	\$92.97	\$0.00	\$0.00	\$123.28
Ex For Speech Device Rx Addl	\$211.66	\$29.78	\$38.29	\$0.00	\$0.00	\$23.57
Oral Function Therapy	\$372,371.21	\$51.94	\$62.92	\$103.47	\$33.00	\$23.40
Sensory Integration	\$333,686.64	\$37.99	\$21.15	\$0.00	\$0.00	\$0.00
Speech Sound Lang Comprehen	\$311,278.62	\$139.24	\$138.98	\$169.81	\$140.62	\$162.37
Speech/Hearing Therapy	\$3,763,002.28	\$47.04	\$57.88	\$86.22	\$0.00	\$25.13
Speech/Hearing Therapy	\$23,383.41	\$14.36	\$16.96	\$36.42	\$0.00	\$11.52
Ther Ivntj 1st 15 Min	\$486.26	\$14.27	\$17.73	\$0.00	\$0.00	\$0.00
Ther Ivntj Ea Addl 15 Min	\$676.12	\$13.83	\$16.94	\$0.00	\$0.00	\$0.00
Use Of Speech Device Service	\$679,195.61	\$63.13	\$80.35	\$0.00	\$0.00	\$65.51

Relevant Information

Independent therapists (OT, PT, and Speech) were added as Medicaid billable providers in 2014

Prior to 2014, therapies were covered in outpatient hospital

Early and Periodic Screening, Diagnostic, and Treatment (EPSDT)

Misalignment between EPSDT rates and state plan rates – EPSDT rate is \$85.05 flat rate

Variety of providers can bill for therapy, including 1915(c) waiver providers and First Steps

State-to-state comparison not a complete picture

Key Considerations

State plan amendment

Regulatory changes and compliance with federal and state rules

Workforce – particularly behavioral health

Fiscal Impact – children and adults

System changes