



CABINET FOR HEALTH
AND FAMILY SERVICES

An Update on SJR 54, Section 3

Reimbursement rates for outpatient pediatric therapy providers

Budget Review Subcommittee on Human Resources

Department for Medicaid Services (DMS)

Commissioner Lisa Lee

June 7, 2023

Section 3 of SJR 54 of the 2023 Regular Session

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.

Audiology

Providers must be:

- Licensed in the state where they practice
- Enrolled as active Medicaid provider

Covered services:

- Medically necessary
- Limited to one complete hearing evaluation per calendar year and may include three follow-up visits
- Referral by a physician to an audiologist is required

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 organization
- Behavioral health multi specialty group

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 Reimbursement

Other practitioners providing the service are reimbursed based on a step-down methodology calculated as a percentage of the physician rate (75% of the current Kentucky-specific Medicare Physician rate, or the established Medicaid rate if a current Kentucky-specific Medicare rate does not exist). The step down includes:

- 85% - Advanced Practice Registered Nurse (APRN), Licensed Psychologist (LP), Physician Assistant (PA)
- 80% - Licensed Professional Clinical Counselor (LPCC), Licensed Clinical Social Worker (LCSW), Licensed Psychological Practitioner (LPP), Licensed Marriage and Family Therapist (LMFT), Licensed Professional Art Therapist (LPAT), Licensed Behavior Analyst (LBA), Licensed Clinical Alcohol and Drug Counselor (LCADC), or Certified Psychologist with autonomous functioning.
- 70% - Licensed Psychological Associate (LPA), Licensed Marriage and Family Therapist Associate (LMFTA), Licensed Professional Counselor Associate (LPCA), Certified Social Worker, Masters Level (CSW), Licensed Professional Art Therapist Associate (LPATA), Licensed Assistant Behavior Analyst (LABA), Licensed Clinical Alcohol and Drug Counselor Associate (LCADCA), Licensed Alcohol and Drug Counselor, or Certified psychologist without autonomous functioning. The billing provider is either the supervisor, a provider group, or licensed organization.
- 50% - Certified alcohol and drug counselor (CADC) and Behavioral Health Associate.
- 40% - Other non-bachelors-level providers

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

Codes	Description	Units	Rate	Column 1 Rate Modifiers: AF; AM	Column 2 Rate Modifiers: SA; AH, U1	Column 3 Modifiers: U8; AJ; HO	Column 4 Modifiers: U4	Column 5 Modifier: U6	Column 6 Modifiers: U7; UC	Comments
90832	PSYCHOTHERAPY	30 MINUTES		\$54.96	\$46.72	\$43.97	\$38.47	\$27.48		30 MINUTES WITH PATIENT AND/OR FAMILY MEMBER

Behavioral Health Therapy Reimbursement

Codes	Description	Units	Rate	Column 1 Rate Modifiers: AF; AM	Column 2 Rate Modifiers: SA; AH, U1	Column 3 Modifiers: U8; AJ; HO	Column 4 Modifiers: U4	Column 5 Modifier: U6	Column 6 Modifiers: U7; UC	Comments
90833	PSYCHOTHERAPY	30 MINUTES		\$50.33	\$42.78					30 MINUTES WITH PATIENT AND/OR FAMILY MEMBER WHEN PERFORMED WITH AN EVALUATION AND MANAGEMENT SERVICE. USE IN CONJUNCTION WITH ALLOWABLE E&M CODES [99201-99205, 99213-99215] rendered by Physician, APRN or PA only
90834	PSYCHOTHERAPY	45 MINUTES		\$72.68	\$61.78	\$58.15	\$50.88	\$36.34		45 MINUTES WITH PATIENT AND/OR FAMILY MEMBER
90836	PSYCHOTHERAPY	45 MINUTES		\$63.82	\$54.24					45 MINUTES WITH PATIENT AND/OR FAMILY MEMBER WHEN PERFORMED WITH AN EVALUATION AND MANAGEMENT SERVICE. USE IN CONJUNCTION WITH ALLOWABLE E&M CODES [99201-99205, 99213-99215] this rendered by the Physician, APRN or PA only
90837	PSYCHOTHERAPY	60 MINUTES		\$106.97	\$90.93	\$85.58	\$74.88	\$53.49		
H0004	Behavioral Health Counseling and therapy	15 MINUTES		\$28.01	\$23.81	\$22.41	\$19.61	\$14.01		Must be billed on same day as 90837 and limited to 8 units max per client per date of service.

Behavioral Health Spending

Year	Age Group					
	<= 21			>= 22		
	Claim Count	Beneficiary Count	Total Amount Paid	Claim Count	Beneficiary Count	Total Amount Paid
2019	1,266,880	94,603	\$154,351,708	1,716,678	136,217	\$258,545,527
2020	1,245,225	89,663	\$154,468,024	2,332,977	145,730	\$342,705,828
2021	1,329,684	97,621	\$175,911,425	2,900,569	167,311	\$445,755,263
2022	1,464,861	104,904	\$193,769,996	3,376,044	178,338	\$516,603,254
Grand Total	5,306,650	386,791	\$678,501,153	10,326,268	627,596	\$1,563,609,871

Behavioral Health Therapy Reimbursement

Total of 98 codes on the behavioral health fee schedule

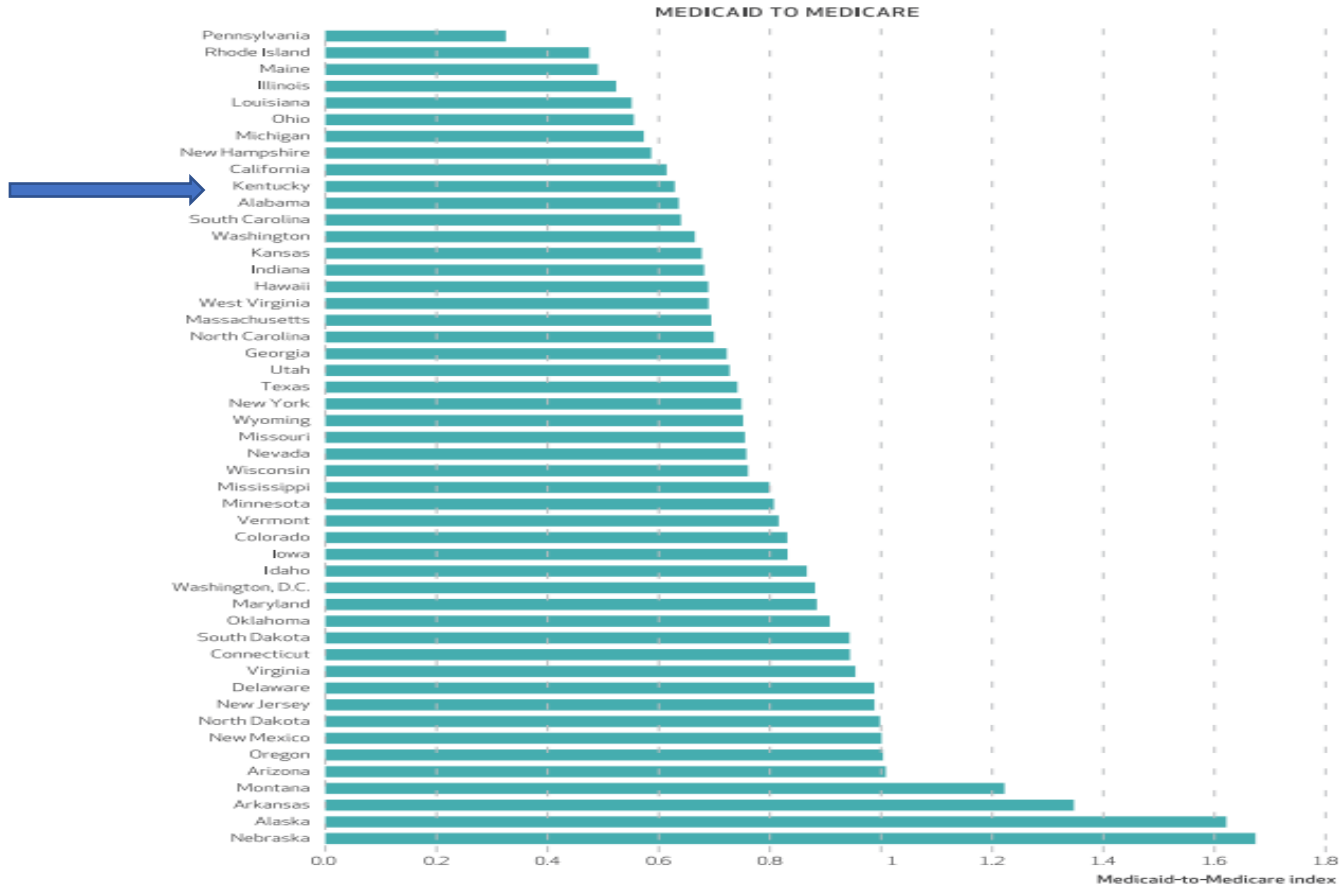
Approximately 30 codes related to therapy

Behavioral Health Reimbursement Comparison with Medicare

BEHAVIORAL HEALTH CARE

EXHIBIT 2

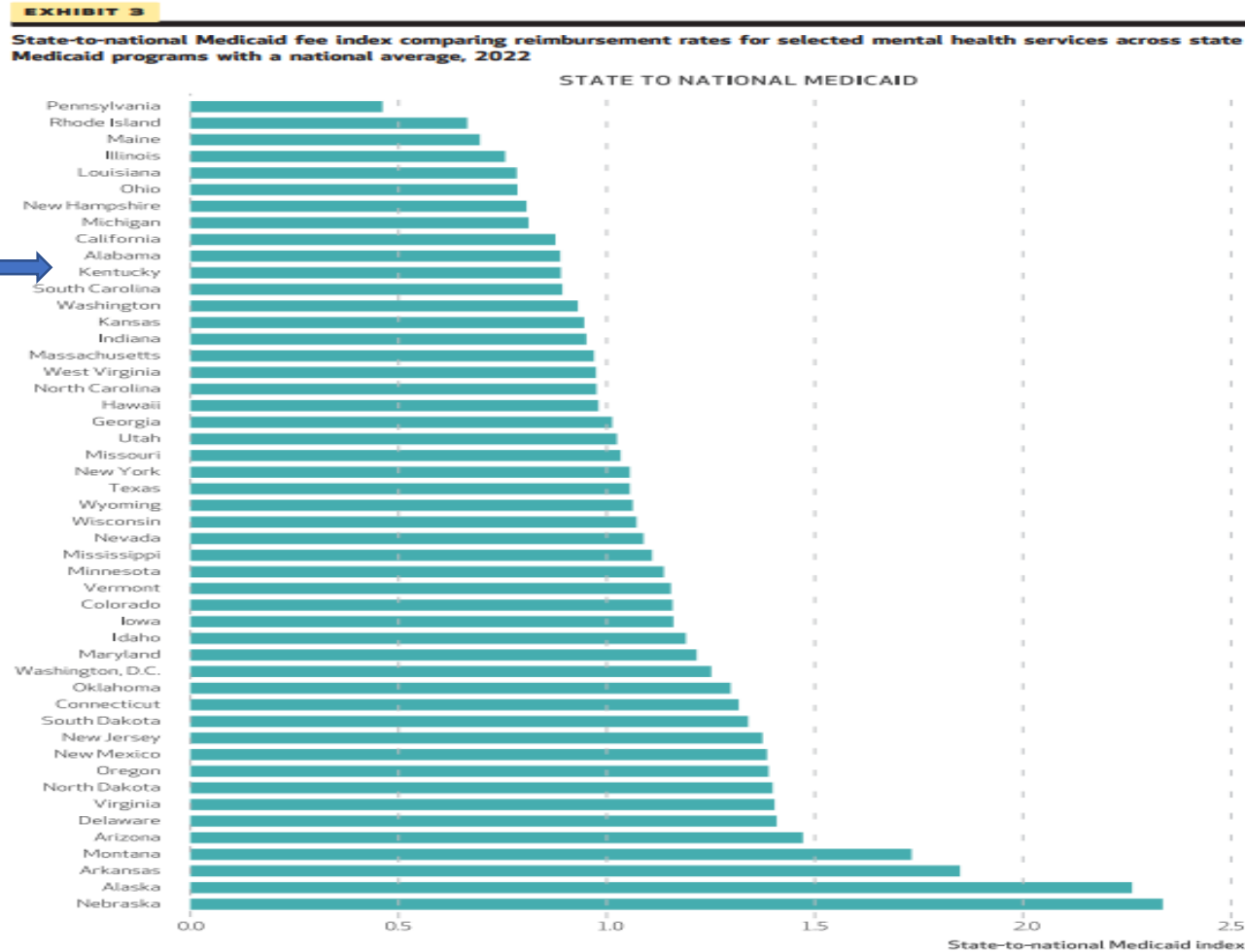
Medicaid-to-Medicare index, comparing Medicaid reimbursement rates for selected mental health services with rates for the same services in Medicare, 2022



SOURCE Authors' analysis of publicly available 2022 Medicaid fee-for-service physician fee schedules for a set of common mental health services. **NOTES** The Medicaid-to-Medicare index is a composite measure of each state's physician reimbursement relative to Medicare reimbursement in each state. Fee ratios were calculated as the state's Medicaid fee schedule rate divided by the Medicare payment rate for the set of mental health services included in this analysis.

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

Behavioral Health Rate Comparison with National Average



[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
- 65 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 Mngmt 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 Mngmt 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

Physical Therapy Rate Comparison

DSC_PROC	TOTAL PAID 2022	KY	INDIANA	TX	ALABAMA	N Carolina
Assistive Technology Assess	\$23.24	\$23.24	NOCOV	\$0.00	\$0.00	\$25.34
Canalith Repositioning Proc	\$261.48	\$26.67	NOCOV	\$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 therapist enrolled in the Medicaid program, the department will not reimburse for speech therapy provided to the same member during the same time period via home health program

Speech Therapy Reimbursement

- 2 fee schedules for 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
- Not a significant difference in rates between non-facility and facility

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

Four-month time frame for rate assessment and recommendations is not adequate

Possible Recommendations



Wide-sweeping across-the-board rate increase not recommended



Strategic, specific code rate increase considerations



Short term
Identify key procedure codes for increase
Identify specific provider types
Require all therapies to be billed through state plan services



Long term
Contract with an independent third-party to conduct in-depth rate assessment, to include provider cost survey, and deliver recommendations - rate study has been recommended by the Medicaid Therapy Technical Advisory Committee

Key Considerations

State plan amendment

Regulatory changes

Workforce – particularly behavioral health

Fiscal Impact – children and adults

System changes

On a Parting Note....

Although correlation does not equal causation, this finding supports a body of evidence suggesting that higher reimbursement rates do not necessarily lead to higher physician participation in Medicaid..... other factors influencing physicians' acceptance of insurance, including organizational and regional differences in administrative burdens, incomplete or delayed payments, and ancillary support for care coordination and management, could be as important as reimbursement alone, if not more so.....

<https://www.healthaffairs.org/doi/epdf/10.1377/hlthaff.2022.00805>