

# Fact Sheet - Medicare-Like Rates

## **BACKGROUND:**

- Section 506 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 amended the Social Security Act to require Medicare-participating hospitals to accept no more than the Medicare-Like Rate (MLR) for services authorized by Indian Health Service (IHS) and tribal purchased/referred care (PRC), formerly known as contract health service (CHS), programs or authorized for purchase by an Urban Indian organization under 42 C.F.R. §136.31.
- In the April 2013 Government Accountability Office (GAO) report 13-272, the GAO found that expanding the MLR cap to physician and non-hospital based services is a mechanism that will allow IHS and Tribal facilities to save millions of dollars and increase the care they are able to provide through the PRC program. The GAO report estimates savings at \$32 million worth of care.
- Currently when IHS and Tribal PRC programs purchase care from physicians and non-hospital-based providers they pay full bill charges unless there is a contract for a lower negotiated rate.
- The Centers for Medicare & Medicaid Services methodology for outpatient claims is the standard in the health care industry and private sector providers are familiar with it.
- The Veterans Administration (VA) purchases care at capitated rate for physician and non-hospital-based care.

## **PROPOSED RULE:**

- To amend the current rule to apply Medicare methodology to all physicians, other health care professional services and non-hospital based services that are authorized for purchase by the IHS and Tribal PRC program or urban Indian health programs.
- Requires physicians, other health care professional services and non-hospital based services to accept Medicare payment rates, or less, as payment in full if they want to do business with IHS, tribal, and urban Indian health programs.
- Provides that physicians, other health care professional services and non-hospital based services cannot negotiate a rate higher than the Medicare methodology rate but can negotiate a lower rate.

## **CONSULTATION:**

- In a May 6, 2013, Tribal Leader Letter, Dr. Roubideaux wrote to update Tribal Leaders on the ongoing consultation to improve PRC by the Director's Workgroup on Improving CHS (Workgroup). The Workgroup recommended the expansion of MLR for non-hospital services, provided that available funds are used to provide more services to address growing PRC shortfalls in Indian Country and that consultation with Tribes be initiated on this issue.
- On December 6, 2013, Dr. Roubideaux wrote to Tribal Leaders to request input on capping rates charged for physician and other health care professional services purchased by Indian health programs and medical charges associated with non-provider-based care. Comments provided by Tribes provided overwhelming support to cap physician and non-hospital-based services.

## **REQUEST FOR COMMENTS:**

- Seeking comment on how to establish reimbursement that is consistent across federal health care programs, aligns payment with inpatient services, and enables IHS to expand beneficiary access to medical care.
- Seeking comment on whether it should be allowed to negotiate a rate higher than the MLR in certain circumstances.
- Comments are due 45 days after the date of publication in the Federal Register.
- IHS plans to convene the PRC Tribal Workgroup to review the proposed rule during the comment period.