

Purchased/Referred Care Rates



Office of Resource Access and Partnerships
January 18, 2017

History

- ▶ Government Accountability Office (GAO) -13-272 Capping Payment Rates for Nonhospital Services could Save Millions of Dollars for Contract Health Services
- ▶ GAO recommended capping payments for physician and non hospital services
- ▶ Supported through a recommendation from the Director's Workgroup on Improving PRC and Tribal consultation

Overview

- ▶ Notice of Proposed Rulemaking published December 5, 2014
 - Extended to February 4, 2015 to allow for a 60 day comment period
 - IHS received 54 timely comments
- ▶ PRC Final Rule published in *Federal Register* on March 21, 2016
 - IHS addressed all comments in the Preamble of the Final Rule
- ▶ Effective date is May 20, 2016
- ▶ A PRC program operated by the IHS should implement the rule as soon as possible, but must implement the rates no later than March 21, 2017.

Overview

- ▶ The new PRC regulation gives the IHS, Tribal, and urban (I/T/U) the ability to cap payment rates at a “Medicare-like rate” to physicians and other non-hospital providers and suppliers through the PRC program. These rates will be known as the PRC rates.
- ▶ Tribes have the option to opt-in to the rule and implement immediately or when they are able to fully implement the rule, provided that they have agreed in their contract/compact to adopt.

What do the PRC Rates Regulations do?

- ▶ Allows the I/T/U to negotiate with and pay health care providers or suppliers who deliver health care professional & non-hospital-based services through PRC
 - Using a “Medicare-like rate.”
- ▶ PRC programs often paid billed charges which is higher than private insurers, and other federal programs, such as:
 - Medicare
 - TRICARE
 - VA

What do the PRC Rates Regulations do?

- ▶ PRC payment is capped at the MLR, unless the I/T/U and the provider negotiate different rates.
- ▶ I/T/Us can negotiate rates of payment with providers up to the most favored customer (MFC) rate.
 - The MFC rate is the lowest price accepted by the provider for a particular service or article;
 - The negotiated rate can exceed the MFC if it is fair and reasonable and in the best interest of the I/T/U, as determined by the I/T/U;
 - The MFC rate is a platform for negotiation;
 - If a provider wishes to negotiate rates under the new rule, IHS expects that the provider will supply information regarding the provider's MFC rate.

What do the PRC Rates Regulations do?

- ▶ If a Medicare rate does not exist for an authorized item or service and no other methodology set forth in the PRC Rate Rule is accessible or available, the allowable amount is 65% of authorized charges.
- ▶ It is the responsibility of the I/T/Us to calculate/estimate payment rates
- ▶ The actual payment amount is provider specific

When do the PRC Rates Regulations apply?

- ▶ In the absence of a contract or agreement with IHS or Tribes for a different rate. The PRC rate applies as follows:
 - ▶ When a Provider accepts a referral/request for services from an I/T/U the PRC rates will apply
 - ▶ When a Provider accepts a purchase order for services from an I/T/U the PRC rates apply
 - ▶ When a Provider files a claim for payment

What Services are Covered?

- ▶ Outpatient care
- ▶ Physicians
- ▶ Laboratory
- ▶ Dialysis
- ▶ Radiology
- ▶ Pharmacy
- ▶ Transportation services (Ambulance)
- ▶ *This is not a complete list of services

How to Take Advantage of PRC Rates

- ▶ The opt-in option only applies to Tribal PRC programs
 - Tribes can include language in their funding agreement which has the suggested statement below or something similar
 - Tribal Health Program agrees to be bound by 42 CFR part 136, subpart I in the administration and provision of PRC services carried out under this Agreement

Savings

- ▶ The savings realized will allow the I/T/U to purchase more health care services
- ▶ Implementing PRC rates will likely increase the volume of services being sought which will result in providers achieving more volume to offset the decrease in rates

Looking Ahead

▶ Tools/Resources

- PRC rates Module/Manual forthcoming, look for updates on the PRC Rates Information Website at: [Purchased/Referred Care](#)

▶ Additional Training Opportunities

- 03/15/2017, 2:00 - 4:00 PM (ET)

Summary

- ▶ We covered the following:
 - ▶ Background
 - ▶ Implementation efforts to date
 - ▶ Covered services
 - ▶ Future activities
 - ▶ And the IHS Fiscal Intermediary will cover claims processing/submission
- ▶ After March 21, 2017, the PRC rates will be implemented, we want to ensure you understand the processes before the implementation date
- ▶ Your feedback is important to us, please fill out the evaluation and submit it back to us

Contacts

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Questions?

