

# Purchased/Referred Care Rates



Office of Resource Access and Partnerships

May 17, 2016

# History

- ▶ 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 and Tribal consultation

# Overview

- ▶ The new PRC regulation gives the 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.
- ▶ The Director’s Workgroup on Improving PRC support the rule.

# Overview

- ▶ NPRM 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 FR on March 21, 2016
  - IHS addressed all comments in the Preamble of the Final Rule

# Overview

- ▶ Effective date is May 20, 2016
- ▶ 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.
- ▶ 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.

# Tribal Concerns

- ▶ The majority of Tribes support this rule
- ▶ There are some concerns as follows:
  - Providers will refuse to see our patients
  - 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.

# Tribal Concerns

- ▶ Wanted an opt-out provision
  - Instead of an opt-out IHS issued this final rule as an opt-in option for Tribes
- ▶ The final rule is optional for the Tribal PRC programs
  - In accordance with tribal sovereignty and self-determination, Tribes have the right to opt-in, but cannot be required to do so.
- ▶ Outreach & Education
- ▶ Software Systems to calculate payment rates

# Implementation Steps

- ▶ IHS issued a Press Release
- ▶ All Tribes Call
- ▶ Dear Tribal Leader Letter
- ▶ The FI provided HQs PRC staff with a draft training module

# Implementation Steps to Date

- ▶ IHS is scheduling webinars
  - PRC Staff Education
  - Federal & Tribal
- ▶ In person training sessions
  - OIT/ORAP Partnership Conference
- ▶ Online training module
- ▶ Notification to Medical providers
  - Dear Provider Letter

# 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 it is the most favored customer (MFC) rate; however, the price can exceed the MFC if fair and reasonable and in the best interest of the I/T/U
- ▶ I/T/U's can negotiate higher rates of payment with providers
  - Must meet a reasonable pricing arrangement
  - MFC rate is a platform for negotiation
  - MFC is another rate that providers charge to other entities like insurance providers
  - It is incumbent on the provider or supplier to provide this rate to PRC staff
- ▶ It is the responsibility of the I/T/Us to calculate/estimate payment rates
- ▶ The actual payment amount is provider specific

# 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.

# Claims Processing Options

- ▶ Use the IHS Fiscal Intermediary via “buyback”
- ▶ Contract with a third party administrator
- ▶ Download the PC PRICERs from CMS Website - [www.cms.gov](http://www.cms.gov)
- ▶ Purchase PC PRICER commercial software

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