



Health Care Reform in Indian Country

Self-Governance Communication & Education

Self-Governance Tribes Striving Towards Excellence in Health Care

Tribal Best Practices and Critical Issues: Medicaid Pharmacy Reimbursement for IHS / Tribal / Urban Indian Health Programs

February 28, 2018

Tribal Self-Governance Advisory Committee

TribalSelfGov.org

Tribal Best Practices and Critical Issues

- Today's Webinar will focus on –
 - Medicaid Outpatient Pharmacy Reimbursement for I/T/U Health Programs.
- Presenting Case Study of State of Oklahoma
 - Brian Wren, Chief Analytics/Revenue Officer, Choctaw Nation Healthcare Authority
- Presenting TSGAC State-by-State Survey of Medicaid Outpatient Pharmacy Payment Policies for I/T/Us
 - Doneg McDonough, Technical Advisor, TSGAC



Medicaid Pharmacy Reimbursement for Tribal Programs

Brian Wren Pharm.D., BCPS
Chief Analytics/Revenue Officer
Choctaw Nation Healthcare Authority
All Tribes Broadcast 2/28/2018





Topics For Discussion

- Key definitions
- Policy Considerations
- The Oklahoma Experience



Key Definitions

- CODs-Covered Outpatient Drugs
- SPA-State Plan Amendment
- AAC-Actual Acquisition Cost
- Encounter rate (aka “OMB Rate” or “IHS All-Inclusive Rate”)



History

- CMS issued the Covered Outpatient Drugs Final Rule with Comment (CMS-2345-FC) on January 21, 2016
- Final rule published in the Federal Register on February 1, 2016 (81 FR 5170)
- FAQ document released July 6, 2016



Topics Addressed by Final Rule

- Addressed key areas of Medicaid drug reimbursement and changes made to the Medicaid Drug Rebate Program by the Affordable Care Act
- Assists states and the federal government in managing drug costs
- Established the long term framework for implementation of the Medicaid drug rebate program
- Created an equitable reimbursement system for Medicaid programs and pharmacies and required the state to submit a new state plan amendment reflecting the changes by June 30, 2017, to be effective no later than April 1, 2017



FAQ Guidance

- States that currently paid IHS and Tribal providers could continue to do so and other states could implement this practice
- The reimbursement of these providers in this manner is in accordance with the AAC requirements of 42 CFR 447.518(a)(2)
- Encounter rate cannot be combined with the Medicaid Drug Rebate Program or any other bundled payment methodology



Request Process (Oklahoma)

- Oklahoma tribes asked Oklahoma Health Care Authority (OHCA) to explore the possibility of changing the methodology to the OMB encounter rate
- Discussion of this possibility ensued over the next few tribal consultations
- Tribes performed revenue analysis and revenue projection forecasts during this time that found the potential for increased revenue



Implementation

- Oklahoma Health Care Authority moved to reimbursing Indian Health Care Facilities at the OMB encounter rate for pharmaceuticals January 1, 2017
- Pharmacy claim submission mechanism did not change
- OHCA RX rules/limitations did not change

OHCA APA WF 16-13

- States pharmacies shall be reimbursed at the OMB encounter rate as one pharmacy encounter fee, per member, per facility, per day fee regardless of number of RX's filled that day (this includes mail order)
- The pharmacy encounter rate is separate from the medical encounter rate
- Pharmacies should not split RX quantities into less than one supplies (maintenance medications)



Additional Oklahoma Rules

- 6 punch (RX) limit on adult patients (2 brand/4 generic)
- High cost medications still require lengthy prior authorization process



Final Checklist for Consideration

- Meet with state tribes and request state to explore possibility of pharmacy reimbursement at the OMB encounter rate
- Tribe conducts in depth analysis of current pharmaceutical costs and reimbursement
- Evaluate RX utilization trends including high cost drug utilization, individual RX averages and overall pharmacy visits
- Prepare revenue projections based on the new rate
- Evaluate how this projection aligns with existing state Medicaid drug rules/limitations



Final Checklist for Consideration-continued

- Develop a routine cadence to consult with the state after implementation to ensure that a positive revenue result occurs and to work through any issues that arise
- Ensure compliance with state statute, rules and regulations



Thank You!

**Brian Wren Pharm.D., BCPS
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Choctaw Nation Healthcare Authority
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Tribal Best Practices and Critical Issues

TSGAC State-by-State Survey of Medicaid Outpatient Pharmacy Payment Policies for I/T/Us

Presentation by Doneg McDonough, Technical Advisor, TSGAC



State-by-State Survey of Medicaid Outpatient Pharmacy Payment Policies for I/T/Us

- Terms –
 - Outpatient Prescription Drugs (OPDs)
 - Pharmacy Reimbursement
 - Covered Outpatient Drugs (CODs)
 - State Plan Amendments (SPAs)
- Information Sources –
 - Medicaid State Plans
 - Samples are provided for 3 states
 - Web links are provided for most states
 - Billing manuals
 - Web links are provided for some states
- OMB / IHS encounter rate development
 - Lower 48 states separate calculation from Alaska
 - Outpatient OMB encounter rate is \$427 for Calendar Year 2018



State-by-State Survey of Medicaid State Plans Regarding Reimbursement to I/T/U Pharmacies

- Expanded TSGAC memo (dated February 27, 2018) on Medicaid Pharmacy Reimbursement for I/T/Us



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**Medicaid Pharmacy Reimbursement for Tribal Programs:
Potential for Using the Encounter Rate¹**

February 27, 2018 (expanded)

This brief seeks to provide guidance to Tribal health programs on Medicaid reimbursement for covered outpatient drugs (CODs). Specifically, this brief discusses the potential for reimbursing Indian Health Service (IHS), Tribal, and urban Indian organization (I/T/U) pharmacies at the encounter rate (aka the “OMB Rate” or “IHS All-Inclusive Rate”).

Background

State Medicaid programs generally reimburse pharmacies for CODs based on a two-part formula consisting of the ingredient cost of a drug and a professional dispensing fee. States have the flexibility to determine reimbursement rates, consistent with applicable statutory and regulatory requirements. These reimbursement rates require approval by the federal Centers for Medicare and Medicaid Services (CMS) through the State Plan Amendment (SPA) process.

State Medicaid programs reimburse I/T/U pharmacies by a variety of methods. Some states reimburse



Three States with Medicaid State Plan Amendments Reimbursing I/T/U Pharmacies at the Encounter Rate

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- **Nebraska:** “Tribal pharmacies will be paid the federal encounter rate.”
 - Nebraska does not pay more than one encounter rate per beneficiary per day for pharmacy services.
 - <http://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/NE/NE-17-0003.pdf>
- **North Dakota:** “All Indian Health Service, tribal and urban Indian pharmacies are paid the encounter rate by ND Medicaid regardless of their method of purchasing.”
 - North Dakota pays one encounter rate per beneficiary per day for a single diagnosis and additional encounter rates per beneficiary per day for multiple diagnoses.
 - <http://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/ND/ND-16-0011.pdf>
- **Utah:** “Covered outpatient drugs dispensed by an IHS/Tribal facility to an IHS/Tribal member are reimbursed at the encounter rate in accordance with the Utah Medicaid Indian Health Services Provider Manual.”
 - Utah pays one encounter rate per prescriber per day, regardless of the number of prescriptions issued by the prescriber.
 - <http://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/UT/UT-17-0002.pdf>



State-by-State Survey of Medicaid State Plans Regarding Reimbursement to I/T/U Pharmacies

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- Table 1. Medicaid Payment Methodologies
 - Summary of Medicaid payment methodologies for reimbursing I/T or I/T/U pharmacies in states with federally recognized Tribes

State	Has Specific Payment Methodology for I/T or I/T/U Pharmacies		Has Received Approval for SPA to Comply with CMS-2345-FC ¹		Pays at the Encounter Rate ²		Notes on Specific Payment Methodologies for I/T or I/T/U Pharmacies
	Yes	No	Yes	No	Yes	No	
Alabama		X	X			X	--
Alaska	X		X			X	For drugs purchased through the Federal Supply Schedule (FSS), Alaska makes payments to I/T/U pharmacies not exceeding the acquisition cost, plus pays a professional dispensing fee.
Arizona	X			X	X		For drugs dispensed to adults ages 18 and older and for vaccine administration, Arizona pays I/T pharmacies at the encounter rate; the state pays as many as five encounter rates per beneficiary per facility per day but does not pay more than one encounter rate per beneficiary per facility per day for pharmacy services. ³
California	X		X			X	California makes payments to I/T/U pharmacies equal to the ingredient cost of drugs, plus pays a professional dispensing fee.
Colorado	X		X		X		Colorado pays I/T pharmacies at the encounter rate; the state does not pay more than one encounter rate per beneficiary per day for pharmacy services. ⁴

- Footnotes (PAGE 4 OF TSGAC BRIEF)
- Source List (PAGES 5 & 6 OF TSGAC BRIEF)



Two Examples of States Paying for Multiple OPD Encounters on a Single Day

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- Table 2. Multiple Encounter Payments

Table 2. Medicaid Payment Methodologies Allowing Reimbursement of Multiple Encounter Rates to I/T or I/T/U Pharmacies; Selected States		
State	Encounter Rate Payment Methodology Description	Other State Guidance
North Dakota	<p>Attachment 4.19-B, section 32: "All Indian Health Service, tribal and urban Indian pharmacies are paid the encounter rate by ND Medicaid regardless of their method of purchasing."</p> <p>Attachment 4.19-B, section 29: "Health Services Payments to Indian Health Service (IHS) will be per encounter per day and based on the approved all-inclusive rates published each year in the Federal Register by the Department of Health and Human Services."</p> <p>An encounter for a 638 or IHS facility means an encounter between a recipient eligible for Medicaid and a health professional at or through an IHS or 638 service location.</p> <p><u>Multiple visits for different services on the same day with different diagnosis</u> IHS facilities are eligible for multiple encounter rates for multiple general covered service categories on the same day for the same recipient with a different diagnosis. ...</p> <p><u>Multiple visits for different services on the same day with the same diagnosis</u> IHS facilities are eligible for multiple encounter rates for multiple general covered service categories on the same day for the same recipient with the same diagnosis provided they are for different general covered service categories. The diagnosis code may be the same for each of the claims, but the services provided must be distinctly different and occur within different units of the facility. ...</p> <p><u>Multiple visits for the same type of service on the same day with different diagnoses</u> IHS facilities are eligible for multiple encounter rates for multiple same day visits for the same type of general covered service category if the diagnoses are different. ...</p> <p>The general covered service categories are Inpatient, Outpatient, Pharmacy, Vision, Dental, Mental Health, and EPSDT."</p>	<p>North Dakota Medicaid Indian Health Services and Tribally-Operated 638 Programs (guidance): "Services provided by Indian Health Services and/or tribal 638 facilities are paid with federal funds. IHS and tribally operated 638 programs are reimbursed an All Inclusive Rate (AIR) for inpatient and outpatient covered services. ... The AIR is the same for all IHS providers. The North Dakota Medicaid Program acts as the 'pass-through' agency for these services, which are funded with 100 percent federal funds. The IHS encounter rate is paid for any North Dakota Medicaid covered service when provided in an IHS clinic or hospital, with the exception of Ambulatory Surgical Center (ASC) and Physician Inpatient services. ...</p> <p><u>Billing Encounters (Multiple)</u> <i>Multiple visits for different services on the same day with different diagnosis:</i> IHS facilities are eligible for multiple encounter rates for multiple general covered service categories on the same day for the same recipient with a different diagnosis. ...</p> <p><i>Multiple visits for different services on the same day with the same diagnosis:</i> IHS facilities can be reimbursed for multiple general covered service categories on the same day for the same recipient with the same diagnosis provided they are for different general covered service categories. The diagnosis code may be the same for each of the claims, but the services provided must be distinctly different and occur within different units of the facility. ...</p> <p><i>Multiple visits for the same type of service on the same day with different diagnoses:</i> IHS facilities are eligible for multiple encounter rates for multiple same day visits for the same type of general covered service category if the diagnoses are different. ...</p> <p><i>Multiple visits for the same type of service on a different day with the same diagnoses:</i> IHS facilities are eligible for multiple encounter rates for different day visits for the same type of general covered service category. ...</p> <p><i>Multiple same day encounters that will not be reimbursed:</i> Multiple visits of the same general covered service categories with the same diagnosis are not reimbursed separately. ..."</p>
Oregon	<p>Attachment 4.19-B, section 12: "Under an encounter rate methodology, a single rate is to be applied to [a] face-to-face contact between a health care professional and an IHS beneficiary eligible for the Medical Assistance Program for services through an IHS, AI/AN Tribal Clinic or Health Center, or a Federally Qualified Health Clinic with a 638 designation within a 24-hour period ending at midnight, as documented in the client's medical record. The I/T Pharmacy will receive one encounter per prescription filled or refilled and will not be limited to a certain number of prescriptions per day."</p>	<p>American Indian/Alaska Native Services Administrative Rulebook: "Prescriptions dispensed by an IHS or Tribal 638 Pharmacy constitute a separate encounter reimbursed at the annually published IHS All-Inclusive-Rate; ... [a] single pharmacy encounter includes one prescription dispensed by one IHS or Tribal 638 Pharmacy to a Medicaid-eligible individual in a single 24-hour period ending at midnight. There is no limit on the number of encounters that may occur in the 24-hour period. The encounter rate is inclusive of dispensing services."</p>



Approved Medicaid State Plan Amendments (SPAs) for Paying Encounter Rate for OPDs

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- Attachments 3, 4 and 5: State Plan Amendments
 - Nebraska
 - North Dakota
 - Utah

TSGAC Policy Brief: Medicaid Pharmacy Reimbursement for Tribal Programs:
Potential for Using the Encounter Rate

Attachment 3: Nebraska

ATTACHMENT 4.19-B
Item 12a, Page 1 of 2

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Nebraska
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

Professional Dispensing Fees

Professional Dispensing Fee: A professional dispensing fee of \$10.02 shall be assigned to each claim



Findings from State-by-State Survey

- Great variation in OPD payment policies for I/T/Us across states
- 21 states not (yet) authorizing encounter rate payment for OPD at I/Ts
 - Additional states do not include urban Indian health programs
 - WA and ID in process; expect SPA submitted within 6 months
- 14 states have not yet met CMS-2435 requirement
 - Opportunity for Tribes in these states to work with states to implement preferred approach
 - In other states, Tribes continue to have ability to work with state to modify Medicaid State Plan with SPA
- In states with no current I/T/U pharmacies, one state (IN) established encounter rate policy and another (VA) stated in State Plan that I/T/U payment provisions would be added when I/T/U is established in state
- Differences in number of permissible encounter billings per beneficiary per day
 - A total of one encounter rate per beneficiary per day (LA)
 - One encounter rate per beneficiary per day for OPD, plus encounters for other services
 - No limit on number of encounters billed for OPDs



Findings from State-by-State Survey (continued)

- Encounter rate amount is not anticipated to be impacted by the use of the encounter rate for OPDs, at least for lower 48 states
- In some State Plans, and in the state-by-state survey findings, there is some uncertainty regarding application to urban Indian health programs
 - Definitions of “Tribal” providers are sometimes inexact

Approaches

- Permitting multiple encounter rate payments per beneficiary per day would increase revenues to I/T/Us
 - A variety of approaches have been used to authorize multiple same-day payments (OR, ND, WY)
- Opportunity to include urban Indian health programs in payment policy, although state would not receive 100% FMAP reimbursement
- States have an option of authorizing choice of multiple payment *options* for I/T/Us, with facilities being able to elect which payment approach to adopt
- Whether I/T/Us currently exist in state, Tribes might want to authorize encounter rate for all three (I/T/Us) now



Questions and Discussion

