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## Table of Contents

**State/Territory Name:** Utah

**State Plan Amendment (SPA) #:** UT-12-002

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
1600 Broadway, Suite 700  
Denver, CO 80202-4967



**Region VIII**

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September 4, 2012

W David Patton, Ph.D.  
Utah Department of Health  
288 North 1460 West  
PO Box 143102  
Salt Lake City, UT 84114

RE: Utah #12-002

Dear Dr. Patton.

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 12-002. This State Plan Amendment requires the physician fee schedule to be updated annually using current relative value units and a budget neutral conversion factor to establish rates. It also clarifies the enhanced payment calculation methodology for University of Utah Medical Group (UUMG) physicians and provides for reconciliation payment to be made in the event that new or corrected information is identified. It also provides annual updates to the anesthesia fee schedule.

Please be informed that this State Plan Amendment was approved today with an effective date of July 1, 2012. We are enclosing the CMS-179 and the amended plan page(s).

If you have any questions concerning this amendment, please contact Betty Strecker at (701) 540-4118

Sincerely,

/s/

Mary Marchioni  
Acting Associate Regional Administrator  
Division for Medicaid and Children's Health

CC: Michael Hales, Medicaid Director, UT  
Craig Devashrayee, UT

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1 TRANSMITTAL NUMBER:  
12-002-UT

2. STATE:  
Utah

3 PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE  
July 1, 2012

TO: REGIONAL ADMINISTRATOR  
HEALTHCARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One)

NEW STATE PLAN       AMENDMENT TO BE CONSIDERED AS NEW PLAN       AMENDMENT  
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 440.50 and 440.60

7 FEDERAL BUDGET IMPACT:

a. SFY 2013 \$+110,000  
b. SFY 2014 \$+110,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Pages 4, 4a, 4c, and 5 of Attachment 4.19-B

9 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable)

Pages 4, 4a, 4c, and 5 of Attachment 4 19-B

10. SUBJECT OF AMENDMENT Reimbursement for Physician and Anesthesia Services

11 GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED

12. SIGNATURE

13. TYPED NAME. W David Patton, Ph.D

14. TITLE. Executive Director, Utah Department of Health

15. DATE SUBMITTED June 15, 2012

16. RETURN TO:

Craig Devashrayee, Manager  
Technical Writing Unit  
Utah Department of Health  
PO Box 143102  
Salt Lake City, UT 84114-3102

16	
17. DATE RECEIVED	18. DATE APPROVED
6/15/12	9/4/12
FOR REGIONAL USE ONLY	
19. EFFECTIVE DATE OF APPROVED MATERIAL	20. SIGNATURE OF REGIONAL OFFICIAL
7/1/12	
21. TYPED NAME	
MARY MARCAONI	Acting AEA, DMOHS
22. PLAN APPROVED - ONE COPY ATTACHED	
23. REMARKS	

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**D PHYSICIANS (Except Anesthesiologists)**
**1 INTRODUCTION**

Payment will be based on the established fee schedule unless a lesser amount is billed. The amount billed cannot exceed usual and customary charges to private pay patients. Generally, a single fee is established for each procedure code regardless of provider specialty

Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers.

All rates are published and maintained on the agency's website. Specifically, the fee schedule and any annual/periodic adjustments to the fee schedule are published at <http://health.utah.gov/medicaid/>

**2. FEE SCHEDULE BASED ON RELATIVE VALUES**

The physician fee schedule is based on relative value units unless otherwise specified in this Section D

The physician fee schedule is re-based July 1, 2012, using then current relative value units (RVUs). The agency's rates were set as of July 1, 2012, and are effective for services delivered on or after that date. The total RVUs for any procedure code will be based on the Medicare formula for that calendar year. A corresponding conversion factor will also be established such that total projected payments to physicians will not increase or decrease as a result of the annual rate update. The conversion factor may also include any changes established by the economic index discussed in Subsection 4

**3 ALTERNATIVE FEES**

When an RVU value is either not available or not appropriate (e.g., access to care issues, maternity services), an alternative method will be used to establish the fee. In establishing alternative fees, reference will be made to the methodology included in the Medicare regulations covering "gap filling" for physician fees. In addition to professional judgments, consideration will be given to one or more of the following:

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 T.N. # 12-002
Approval Date 9/4/12Supersedes T.N. # 96-002Effective Date 7-1-12

## D PHYSICIANS (Except Anesthesiologists)(Continued)

## 3 ALTERNATIVE FEES (Continued)

- a. Utah Medical payment history,
- b. Medicare fees,
- c. Practitioner fee schedules,
- d. Fee schedules from other states,
- e. Similar procedures with established fees,
- f. Medical determinations by physician consultants, and
- g. Private insurance payments.

There are some fees that are seldom billed and services that do not fit into the routine procedure coding structure. When it is not practical to establish a specific fee, payments may be determined by either calculating a percent of billed charges or by using the professional judgment of a physician consultant.

## 4 ECONOMIC INDEX

The annual Medicaid budget requests include inflation factors for physicians based on the Producer Price Index published by the U S Department of Labor, Bureau of Labor Statistics, with consideration given to the inflation adjustments given in prior years relative to the Producer Price Index. The actual inflation index will be established by the Utah State Legislature.

## 5 MULTIPLE AND BILATERAL PROCEDURES

The primary surgical procedure with the highest payment rate is paid based on 100% of the established Medicaid fee. The second highest payment rate is paid based on 50% of the established fee schedule. Payment for the other lower payment rates is made at 25% of the established fee schedule for multiple and bilateral procedures. When CPT modifiers are used, the rate is adjusted for CPT modifiers before the percentages are applied for multiple and bilateral procedures. Provision is made for multiple units billed for designated procedure codes to pay at 100% of the established Medicaid fee schedule. For example, code 15101 provides a fee to be paid for each 100 square centimeters of skin transplant. Such designated procedures are paid at 100% of the established fee regardless of the number of times that the code is billed.

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## D PHYSICIANS (Except Anesthesiologists)(Continued)

## 7 ENHANCED PAYMENT RATES

Rural Areas

Physicians, including persons providing services under the direct supervision of a physician as allowed by state law, providing services in rural areas of the state are paid a rate differential equal to 112 percent of the physician fee schedule. Rural areas are defined as areas of the State of Utah outside of Weber, Davis, Salt Lake and Utah counties.

University of Utah Medical Group

Physicians, including persons providing services under the direct supervision of a physician as allowed by state law, and practitioners (e.g., podiatrist, optometrist, dentist, covered independent nurse practitioners) employed by University of Utah Medical Group (UUMG) will be paid at a rate commensurate with the average commercial insurance professional rate (ACR) for services. Data used to calculate the ACR will be provided by UUMG based on paid commercial insurance claims for service dates in the previous calendar year.

$$\text{ACR} = (\text{Reimbursement} + \text{Third Party Liability} + \text{Copayments}) / (\text{Total Charges})$$

The average Medicaid rate (AMR) is also calculated annually based on paid Medicaid claims for service dates in the previous calendar year.

$$\text{AMR} = (\text{Reimbursement} + \text{Third Party Liability} + \text{Copayments}) / (\text{Total Charges})$$

In order to determine the total payment to UUMG, a rate differential is calculated prior to making any payments for the period. The rate differential will be effective for payments made between September 1<sup>st</sup> of that year and August 31<sup>st</sup> of the following year.

$$\text{Rate Differential} = \text{ACR} / \text{AMR}$$

$$\text{Payment} = (\text{Rate Differential} - 1) \times \text{Medicaid Allowed Amount}$$

(The *Medicaid Allowed Amount* is the Reimbursement Amount + Third Party Liability + Copayments, during the period under review for payment.)

Anesthesiologists employed by the University of Utah Medical Group will be considered part of this enhanced payment program, regardless of the anesthesiologist exception noted in this section [Section D, Physicians (Except Anesthesiologists)]

The rate differential payment made to the UUMG will be made as a separate annual, semi-annual, quarterly, monthly or any combination thereof payment to the UUMG on behalf of the physicians and practitioners employed based on the paid claims during the period under review for payment. If new or corrected information is identified that would modify the amount of a previous payment the department may make a retroactive adjustment payment in addition to previously paid amounts.

T.N # 12-002

Approval Date

9-4-12Supersedes T N # 05-017

Effective Date

7-1-12

E. ANESTHESIOLOGIST/ANESTHETIST

1 INTRODUCTION

Payment is based on the lower of billed usual and customary charges or a calculated fee.

Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers. The agency's anesthesia conversion factor and anesthesia basic values were set as of July 1, 2012, and are effective for services delivered on or after that date. All rates are published and maintained on the agency's website. Specifically, the fee schedule and any annual/periodic adjustments to the fee schedule are published at <http://health.utah.gov/medicaid/>

2 CALCULATED FEE

Payment = (Basic Value + Time Values + Modifying Factors) x Conversion Factor

Time Values are added to the basic value at the rate of one unit for each twelve minutes or fraction thereof

Rural Areas: Anesthesiologists/Anesthetists providing services in rural areas of the state are paid a rate differential equal to 112 percent of the physician fee schedule. Rural areas are defined as areas of the State of Utah outside of Weber, Davis, Salt Lake and Utah counties.

Economic Index: The annual Medicaid budget requests include inflation factors for physicians based on the Producer Price Index published by the U.S. Department of Labor, Bureau of Labor Statistics, with consideration given to the inflation adjustments given in prior years relative to the Producer Price Index. The actual inflation index will be established by the Utah State Legislature

T.N. # 12-002

Approval Date 9-4-12

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