

## **Table of Contents**

**State Name:** Virginia

**State Plan Amendment (SPA) #:** 14-06

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  
150 S. Independence Mall West  
Suite 216, The Public Ledger Building  
Philadelphia, Pennsylvania 19106-3499



**Region III/Division of Medicaid and Children's Health Operations**

SWIFT #052720144004

JAN 27 2015

Cynthia B. Jones, Director  
Department of Medical Assistance Services  
600 East Broad Street, Suite 1300  
Richmond, VA 23219

Dear Ms. Jones:

We have reviewed State Plan Amendment (SPA) 14-06, Type One Physician Supplemental Payments Update. This SPA revises the maximum reimbursement to 201% of the Medicare rate for Type One physicians, based on updated information on the average commercial rate furnished by the providers which are affected by this change (State academic health systems).

This SPA is acceptable. Therefore, we are approving SPA 14-06 with an effective date of April 8, 2014. Enclosed are the approved SPA pages and signed CMS-179 form.

If you have further questions about this SPA, please contact Margaret Kosherzenko of my staff at 215-861-4288.

Sincerely,

/S/

Francis McCullough  
Associate Regional Administrator

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

1 4 - 0 6

2. STATE

Virginia

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

4. PROPOSED EFFECTIVE DATE

~~April 1, 2014~~ ~~JAN. 1, 2014~~

April 8, 2014

Pen-Link Update  
RS  
1/23/2015

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 Part 447

7. FEDERAL BUDGET IMPACT

a. FFY 2014 \$ 416,652  
b. FFY 2015 \$ 833,303

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attach. 4.19-B, Page 6.3 of 15;  
Attach. 4.19B, Supple, p 202

Pen-Link  
RS  
1/23/15

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Same pages

10. SUBJECT OF AMENDMENT

Type One Physician Supplemental Payments

11. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT <sup>2014</sup>
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED

Secretary of Health and Human Resources

12. SIGNATURE OF STATE AGENCY OFFICIAL

/S/

13. TYPED NAME

Cynthia B. Jones

14. TITLE

Director

15. DATE SUBMITTED

5/13/14

16. RETURN TO

Dept. of Medical Assistance Services  
600 East Broad Street, #1300  
Richmond VA 23219

Attn: Regulatory Coordinator

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED

MAY 23, 2014

18. DATE APPROVED

JAN 27 2015

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

APRIL 8, 2014

20. SIGNATURE OF REGIONAL OFFICIAL

/S/

21. TYPED NAME

FRANCIS McCULLOUGH

22. TITLE

Associate Regional Administrator / DMCHO

23. REMARKS

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

State of VIRGINIA  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -- OTHER TYPES OF  
CARE  
ESTABLISHMENT OF RATE PER VISIT

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17. Supplemental payments for services provided by Type One physicians.
- a. In addition to payments for physician services specified elsewhere in this State Plan, DMAS provides supplemental payments to Type One physicians for furnished services provided on or after July 2, 2002. A Type One physician is a member of a practice group organized by or under the control of a state academic health system or an academic health system that operates under a state authority and includes a hospital, who has entered into contractual agreements for the assignment of payments in accordance with 42 CFR 447.10.
  - b. Effective July 2, 2002, the supplemental payment amount for Type I physician services shall be the difference between the Medicaid payments otherwise made for Type I physician services and Medicare rates. Effective August 13, 2002, the supplemental payment amount for Type I physician services shall be the difference between the Medicaid payments otherwise made for physician services and 143% of Medicare rates. Effective January 3, 2012, the supplemental payment amount for Type I physician services shall be the difference between the Medicaid payments otherwise made for physician services and 181% of Medicare rates. Effective January 1, 2013, the supplemental payment amount for Type I physician services shall be the difference between the Medicaid payments otherwise made for physician services and 197% of Medicare rates. The methodology for determining the Medicare Equivalent of Average Commercial Rate is described in Supplement 6 to Attachment 4.19-B.
  - c. Supplemental payments shall be made quarterly, no later than 90 days after the end of the quarter.
  - d. Effective April 8, 2014, the supplemental payment amount for Type I physician services shall be the difference between the Medicaid payments otherwise made for physician services and 201% of Medicare rates.

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|------------|--------------|---------------|--------------------|----------------|-----------------|
| TN No.     | 14-06        | Approval Date | <u>JAN 27 2015</u> | Effective Date | <u>04/08/14</u> |
| Supersedes |              |               |                    |                |                 |
| TN No.     | <u>13-02</u> |               |                    |                |                 |

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

State of VIRGINIA

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -- OTHER TYPES OF  
CARE  
ESTABLISHMENT OF RATE PER VISIT**

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Total Allowable Medicaid Payment – Medicaid Base Payment = Maximum Supplemental Payment

The Medicare equivalent of the ACR demonstration shall be updated every three years. Only the professional component of radiology services and clinical laboratory services is included in the ACR calculation. Claims with a technical component were excluded from the demonstration.

Payments related to vaccine administration are excluded.

Reimbursement for anesthesia uses the same units of service (15-minute increments) for anesthesia claims as commercial payers and Medicare. Anesthesia claims are paid using a conversion factor which is multiplied by the sum of base units (for each procedure code) and the time units reported on the claim. The average commercial rates for the anesthesia codes were determined using the formula:

$(\text{Medicare anesthesia base units}_{\text{CPTcode}} + \text{Medicaid average units per claim}_{\text{CPTcode}}) * \text{Average commercial per unit rate}_{\text{CPTcode}}$

For payers that reimburse providers using a flat rate for each procedure for certain anesthesia CPT codes, the commercial rate is determined using the following formula:

$(\text{Medicare anesthesia base units}_{\text{CPTcode}} + \text{Medicaid average units per claim}_{\text{CPTcode}}) * \text{Commercial per unit rate}_{\text{CPTcode}}$

The commercial rates were then averaged for all payers to determine the average commercial rate for these specific codes.

The Medicare anesthesia rates were determined using the formula:

$(\text{Medicare anesthesia base units}_{\text{CPTcode}} + \text{Medicaid average units per claim}_{\text{CPTcode}}) * \text{Medicare anesthesia conversion factor}$

No claims for CRNAs or other non-physicians administering anesthesia are included in the demonstration. Only physician claims are used in the demonstration. Both Virginia Medicaid and Medicare use 15-minute increments of time as units for anesthesia claims. The Virginia Medicaid method for payment of anesthesia services directly crosswalks to the Medicare payment methodology. Virginia Medicaid multiplies a conversion factor by the sum of the base units and time units reported on the claim to determine the anesthesia reimbursement for a procedure.

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TN No. 14-06

Approval Date JAN 27 2015

Effective Date 04-08-14

Supersedes

TN No. 13-02