

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
JFK Federal Building, Government Center  
Room 2275  
Boston, Massachusetts 02203



CENTERS for MEDICARE & MEDICAID SERVICES

**Division of Medicaid and Children's Health Operations / Boston Regional Office**

May 4, 2011

Douglas A. Racine, Secretary  
Vermont Agency of Human Services  
103 South Main Street  
Waterbury, Vermont 05671-0204

Dear Mr. Racine:

We are pleased to enclose a copy of approved Vermont State Plan Amendment (SPA) No. 11-011, submitted to my office on February 10, 2011. This SPA has been approved effective January 1, 2011 as requested by the State.

SPA 11-001 transmitted a proposed amendment to your Agency's approved Title XIX State plan to implement the Resource Based Relative Value System (RBRVS) as a reimbursement methodology for certain providers of services within the State's Medicaid fee schedules. Specifically, you proposed to reimburse using the RBRVS for the following services: physician, chiropractor, podiatrist, optometrist, behavioral health, optician, hi-tech nursing, licensed lay-midwife, naturopathic physician, physical therapy and related services, nurse-midwife, and certified pediatric and family nurse practitioner services.

Changes are reflected in the following approved sections of your approved State Plan:

- Attachment 4.19-B pages 3, 3a, 4, 6, 7, 9 and 10

Please note that during our review of the overall SPA submission we determined that the reimbursement methodologies for physical therapy/related services and transportation are not consistent with Medicaid statutory and regulatory requirements. We also found that the descriptions for covered home health, private duty nursing, physical therapy and related services, hospice, respiratory care, and certified pediatric and family nurse practitioner services are not consistent with Medicaid statutory and regulatory requirements. We will address these issues in a separate process.

Page 2 – Douglas A. Racine, Secretary

If you have any questions regarding this matter you may contact Julie McCarthy at (617) 565-1244 or by e-mail at [Julie.McCarthy@cms.hhs.gov](mailto:Julie.McCarthy@cms.hhs.gov).

Sincerely,

*/s/*

Richard R. McGreal  
Associate Regional Administrator

Enclosure

cc: Susan Besio, Ph.D., Commissioner

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 11 -- 001	2. STATE: VERMONT
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE(S) JANUARY 1, 2011	
5. TYPE OF PLAN MATERIAL (CHECK ONE): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR §430.12(c)(ii)		7. FEDERAL BUDGET IMPACT: a. FFY 2011      \$ 0 b. FFY 2012      \$ 0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: ATTACHMENT 4.19-B Pages 3, 3a, 4, 6, 7, 9 and 10		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (if Applicable) ATTACHMENT 4.19-B Pages 3, 3a, 4, 6, 7 and 9	
10. SUBJECT OF AMENDMENT: RESOURCE-BASED RELATIVE VALUE SCALE (RBRVS)			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED SIGNATURE OF SECRETARY OF ADMINISTRATION	
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO:	
13. TYPED NAME: DOUGLAS A. RACINE		LINDSEY WELLS	
14. TITLE: SECRETARY, AGENCY FOR HUMAN SERVICES		DEPARTMENT OF VERMONT HEALTH ACCESS 312 HURRICANE LANE, SUITE 201 WILLISTON, VT 05495	
15. DATE SUBMITTED: 2/10/2011			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: February 10, 2011		18. DATE APPROVED: May 4, 2011	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2011		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: Richard R. McGreal		22. TITLE: Associate Regional Administrator, Division of Medicaid & Children's Health Operations, Boston, MA	
23. REMARKS			

CMS revised Boxes 8 and 9 above with permission from State (via e-mail 04/21/2011) to correct page references.

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METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE  
(Continued)

4. c. Family Planning Services

Family planning services are reimbursed in accordance with the methods and standards described within this State Plan for each specific service. The agency's rates were set as of 07/01/09 and are effective for services on or after that date. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

5. Physician's Services

Payment for a service rendered by a physician (M.D or D.O.) is made at the lower of the actual charge for the service or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

6. a. Podiatrist's Services

Payment is made at the lower of the actual charge or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

b. Optometrist's Services

Payment is made at the lower of the actual charge or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

c. Chiropractors

Payment is made at the lower of the actual charge or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

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**METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE**  
(Continued)

**6. d. Other Practitioners Services**

**1. Behavioral Health Services**

Payment is made at the lower of the actual charge or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

**2. Opticians' Services**

Payment is made at the lower of the actual charge or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

**3. High-Tech Nursing Services**

Payment is made at the lower of the actual charge or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

**4. Licensed Lay Midwife Services**

Payment is made at the lower of the actual charge or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

**5. Naturopathic Physician Services**

Payment is made at the lower of actual charge for the service or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

**7. Home Health Services**

Payment is made at the lower of the actual charge of the Medicaid rate. The agency's rates were set as of 07/01/09 and are effective for services on or after that date. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

**8. Private Duty Nursing**

Payment is made at the lower of the actual charge of the Medicaid rate. The agency's rates were set as of 07/01/09 and are effective for services on or after that date. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

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METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE  
(Continued)

9. Clinic Services

- a. Payment for clinic services other than a mental health clinic, comprehensive service clinics and Free Standing Dialysis Centers is made at the lower of the actual charge of the Medicaid rate. The agency's rates were set as of 10/12/08 and are effective for services on or after that date. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.
- b. Payment for mental health clinic services is made at the lower of the actual charge of the Medicaid rate. The agency's rates were set as of 10/12/08 and are effective for services on or after that date. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.
- c. Payment for comprehensive service clinics is made at the lower of the actual charge of the Medicaid rate. The agency's rates were set as of 10/12/08 and are effective for services on or after that date. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.
- d. Free Standing Dialysis Centers Payment is made at the lower of the actual charge of the Medicaid rate. The agency's rates were set as of 10/12/08 and are effective for services on or after that date. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

10. Dental Services

Payment is made at the lower of the actual charge of the Medicaid rate. The agency's rates were set as of 10/12/08 and are effective for services on or after that date. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

11. Physical Therapy and Related Services

Payment is made at the lower of the actual charge of the Medicaid rate. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

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METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE  
(Continued)

15. a. Intermediate Care Facility Services (Nursing Facilities)  
See Attachments 4.1 9-C and 4.1 9-D.

b. Intermediate Care Facilities for the Mentally Retarded  
See Attachment 4.1 9-D.

16. Inpatient Psychiatric Facility Services for Individuals Under Age 22  
See Attachment 4.19-A.

17. Nurse-Midwife Services

Covered nurse-midwife services are reimbursed at the lower of the actual charge or the Medicaid rate on file for a physician providing the same service. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers).

18. Hospice Care

Payment for hospice services is at a per diem rate, based on Medicare rates which are adjusted for Medicaid and published annually and established in accordance with Medicare regulations at 42 CFR 418, subpart G. Fee schedule will be updated concurrently with Medicare updates. Hospice payments for inpatient care are limited and paid in accordance with 42 CFR 418.302(g). Acquired Immunodeficiency Syndrome cases are included in the limitation calculation. The State does not apply the optional cap limitation on payments. The agency's rates were set as of 10/01/10 and are effective for services on or after that date. All rates are published at <http://dvha.vermont.gov/for-providers>. Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private providers.

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**METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE  
(Continued)**

**20. Extended Services to Pregnant Women**

Payment is made at the lower of the usual and customary charge to the general public or the Medicaid rate on file for the particular service. The agency's rates were set as of 10/01/10 and are effective for services on or after that date. All rates are published at <http://dvha.vermont.gov/for-providers>. Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private providers.

**21. Ambulatory Prenatal Care For Pregnant Women During a Presumptive Eligibility Period**

Not provided.

**22. Respiratory Care**

Payment is made at the lower of the actual charge or the Medicaid rate on file. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers). Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private providers.

**23. Certified Pediatric and Family Nurse Practitioners**

Covered pediatric or family nurse practitioner services are reimbursed at the lower of the actual charge or the Medicaid rate on file for a physician providing the same service. Most rates were set using the Medicare Resource Based Relative Value Scale payment methodology. This methodology was updated for dates of service effective on or after January 1, 2011. All rates are published at [www.dvha.vermont.gov/for-providers](http://www.dvha.vermont.gov/for-providers).

**24. Any Other Medical Care And Any Other Type Of Remedial Care Recognized Under State Law, Specified By The Secretary**

**a. Transportation**

**Ambulance:** Payment for ambulance services is made at the lower of the actual charge or the Medicaid rate on file.

**Mental Health Center:** Payment for transportation services to and from a mental health agency is made at the lower of the actual charge or the Medicaid rate on file.

**Medical Services:** Payment for transportation other than that covered in the Ambulance and Mental Health Center paragraphs above is made at negotiated rates under the terms of a provider agreement.

**School Health Services Providers:** Payment is made at the lower of the actual charge or the Medicaid rate on file.

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**METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE  
(Continued)**

**25. Telemedicine**

Telemedicine is defined as the practice of health care delivery by a provider who is located at a site other than the site where the patient is located for the purposes of evaluation, diagnosis, consultation, or treatment that requires the use of advanced telecommunications technology. Telephone conversations, chart reviews, electronic mail messages, and facsimile transmissions are not considered telemedicine.

The distant site provider uses telemedicine to provide a service to the patient at the patient site.

The applicable provider types are as follows:

1. Community Mental Health Clinics
2. Designated Agencies
3. Federally Qualified Health Centers
4. Rural Health Clinics
5. Physicians
6. Naturopathic Physicians

Qualifying distant site providers are reimbursed in accordance with the standard Medicaid reimbursement methodology.

Qualifying patient sites are reimbursed a facility fee. The fee is set at 80% of Medicare and is effective for services on or after 7/01/10; all rates are published at <http://dvha.vermont.gov/for-providers>. Payment is made at the lower of the actual charge or the Medicaid rate on file. Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

**26. Resource Based Relative Value Scale (RBRVS)**

Effective for dates of service on or after January 1, 2011, the DVHA will reimburse qualified providers who deliver services that are covered by the DVHA and have a Relative Value Unit (RVU) listed on Medicare's RBRVS schedule by using the RVU listed on Medicare's RBRVS schedule in developing the DVHA's rate. There may be situations where the DVHA covers a service that is not payable in Medicare's RBRVS but a RVU is available. The DVHA will utilize the available RVU in this instance. There may be other situations where the DVHA covers a service that is not payable in Medicare's RBRVS and a RVU is not available. The DVHA will utilize the rate on file for this service as defined in Sections 5 through 25 above.

The components used to develop rates in the DVHA RBRVS payment methodology include the RVUs published by Medicare, the Geographic Practice Cost Indices (GPCIs) published by Medicare, and Conversion Factors which are specific to the DVHA fee schedule.

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**METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE  
(Continued)**

Effective for dates of service on or after January 1, 2011, the RVUs used are the Medicare RBRVS values published by the Centers for Medicare and Medicaid on its website in the file RVU11A.zip. The DVHA will always use the Non-Facility values for the Practice Expense component of the RVU. The DVHA will follow Medicare's payment logic of using the lesser of the RBRVS or OPPS RVU values.

The GPCIs used are 1.000 for Work, 1.002 for Practice Expense and 0.523 for Malpractice Insurance.

The DVHA will use two conversion factors for DVHA covered services payable in the RBRVS methodology. A conversion factor of \$28.6797 is used for services in the following series: CPT 59000-59871, 70010-79999, 90471-90474, 90801-90899, 96101-96155, 98940-98943, and 99201-99480. For all other covered services payable in the RBRVS methodology, a conversion factor of \$21.3420 is used.

Where the Vermont legislature has mandated a two percent reduction on rates paid to providers, the rate on file does not reflect this two percent rate reduction. Depending upon the provider billing the service, DVHA modifier pricing logic may also apply.

As part of ongoing maintenance of the payment system, the DVHA may change the following on a periodic basis either separately or in combination:

1. The RVU values
2. The GPCI values
3. The conversion factors

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Supersedes  
TN# None

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