

1 **2019 Maximum Affordable Payment Schedule**
2 **for Medical and Medical-Related Services**
3 **Discussion Paper**

4 **Background**

5 Pursuant to Texas Labor Code §352.054, Rates for Medical Services, and Texas Workforce
6 Commission (TWC) Chapter 856 Vocational Rehabilitation Services rule §856.57, Alternative
7 Purchasing Methods—Rates for Medical Services, TWC is required to reevaluate rates for
8 medical services annually. Rates must be based on Medicare and Medicaid schedules for current
9 procedural terminology (CPT). Where Medicare and Medicaid rates are not applicable, rates that
10 offer the best value must be established based on factors that include reasonable and customary
11 industry standards for each specific service. Chapter 856 also requires TWC’s three-member
12 Commission (Commission) to establish rates that will ensure the availability of enough qualified
13 providers to provide all needed assessment and treatment. Additionally, the location of providers
14 must reflect the geographical distribution of VR customers. Adopted rates are listed in TWC’s
15 Maximum Affordable Payment Schedule (MAPS).

16 Medicare establishes rates for most of TWC’s Vocational Rehabilitation (VR) Division medical
17 services from a fee schedule that is reviewed annually by the US Centers for Medicare and
18 Medicaid. The fee schedule contains fees for most services listed in the American Medical
19 Association (AMA) CPT coding book. Other rate sources, such as Medicaid and workers
20 compensation, do not price as many of the codes that VR commonly uses as Medicare does, and
21 the rates are not always reviewed annually. To ensure the use of current rates for the broadest
22 range of medical services offered by VR, TWC decided to use Medicare rates for all medical
23 services for which fees are available.

24 Medicare does not price dental services so legacy DARS adopted Medicaid rates for dental
25 services. Because Medicaid dental fees apply only to services for children, the state dental
26 consultant advised VR to add a 20 percent premium to ensure adequate provider availability and
27 access to services for adult customers.

28 It is expected that implementing these schedules and methods will result in changes to most of
29 the existing rates for medical and medical-related services and will ensure that providers are
30 available as required by Chapter 856.

31 **Issues**

32 To conduct the annual review of rates, staff reviews data for the most recent completed state
33 fiscal year using the current MAPS rate and compares it with the proposed rates, which in this
34 instance is the 2019 Medicare Fee Schedule. The data reviewed for the prior fiscal year includes
35 all MAPS codes that were active in ReHabWorks and all purchases made using a MAPS code.
36 The Division for Operational Insight (DOI) assists with pulling the data for review and analyzes
37 the potential budget impact of proposed rates. Data received from DOI is then separated into

1 groups of rates for similar services to identify potential areas of significant budgetary impact or
2 impact on the availability of providers. Staff then completes the analysis and develops
3 recommendations for consideration. Following is a summary of the analysis and
4 recommendations:

5 Approximately 97 percent of the proposed MAPS rates for Fiscal Year 2020 (FY'20) are based
6 on Medicare or Medicaid rates, with the remaining 3 percent established using alternative
7 methodologies. When it is necessary to establish rates for services not identified by an industry
8 standard (such as the AMA CPT) or cost-based rate schedules (such as Medicare and Medicaid),
9 the rates are developed by reviewing services in other agencies and through consultation with the
10 appropriate medical director or medical consultant for the agency.

11 A comparison of all active TWC system MAPS codes with the proposed rates indicates that:

- 12 • 27 percent of procedure rates will go down;
- 13 • 63 percent of procedure rates will go up; and
- 14 • 10 percent of procedure rates will not change.

15 Based on applying the proposed rates, it is estimated that at current usage, TWC expenditures for
16 medical and medical-related customer services will increase by approximately \$1,200,000.

17 **Decision Point**

18 Staff seeks direction on the following actions:

- 19 • Adopting the 2019 Medicare Fee Schedule while continuing to use the Region 18 (Harris
20 County) Physician Fee Schedule for procedures listed in the 2019 AMA CPT for the entire
21 state. Region 18 has more VR customers and providers than any other Texas Medicare
22 region.
- 23 • Adopting the Texas Medicare 2019 Durable Medical Equipment, Prosthetics/Orthotics, and
24 Supplies Fee Schedule for eye-related medical equipment, including eyeglasses, as well as
25 orthotics and prosthetics and other medical equipment coded from the AMA's Healthcare
26 Common Procedure Coding System.
- 27 • Continuing to implement the Medicare Part B fee schedule for injectable drugs and
28 equipment.
- 29 • Continuing to use the Medicare Clinical Laboratory/Pathology rates for Texas at 120 percent
30 of the listed rate to ensure adequate provider availability.
- 31 • Continuing to use Medicaid dental service rates for Texas at 120 percent of the listed rate to
32 ensure adequate provider availability.
- 33 • Continuing existing rates and rate-setting methods for all unspecified procedures and services
34 not listed in the Medicare or Medicaid rate schedules. These services have been reviewed and
35 rates have been established in consultation with the appropriate medical director or medical

1 consultant. Payment will be authorized in accordance with established procedures. Examples
2 of these services include:

- 3 ➤ procedural codes unique to TWC customers;
- 4 ➤ new codes for which a rate has not yet been established;
- 5 ➤ established codes that do not have a published rate; and
- 6 ➤ miscellaneous AMA CPT codes (codes ending in 99 and other nonspecific procedure
7 codes).

8 These methods would result in changes to most of the existing rates for medical and medical-
9 related services because of changes in the corresponding cost-based schedules.

10 Pursuant to Texas Labor Code §352.054, if the Commission approves the actions regarding the
11 schedules and methods above, it must provide notice to interested individuals and allow
12 submission of comments before final adoption. Following the comment period, Commission
13 approval would allow the new rates to be adopted and incorporated into TWC's MAPS schedule.