

STATE OF COLORADO

DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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Bill Owens
Governor

Stephen C. Tool
Executive Director

August 1, 2006

The Honorable Bernie Buescher, Chairman
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Representative Buescher:

This letter is in response to footnote 26 of H.B. 06-1385, concerning the Department of Health Care Policy and Financing Medical Services Premiums. As you are aware, footnote 26 was vetoed by the Governor, because the footnote interferes with the ability of the executive branch to administer the appropriation and may constitute substantive legislation that cannot be included in the general appropriations bill. The Governor did instruct the Department to comply to the extent feasible with footnote 26.

Footnote 26 of H.B. 06-1385, states:

“Department of Health Care Policy and Financing, Medical Service Premiums –

The calculations for this line item include \$9,917,925 total funds for a 3.25 percent reimbursement rate increase for primary care providers beginning July 1, 2006. It is the intent of the General Assembly that the Medical Services Board adopt rules to increase reimbursement rates for provider codes paid from the physician, dental, Early and Periodic Screening, Diagnosis and Treatment, lab and x-ray, and durable medical equipment services categories. The Department is requested to provide a report to the Joint Budget Committee by August 1, 2006, on the status of the rules adopted by the Medical Services Board regarding this reimbursement rate increase.”

In response, starting with the total funds available, the Department determined the dollar amount available if the 3.25% were applied to all applicable physician codes. This amount (\$6,861,522) was then applied to the top twenty-five most frequently billed Evaluation and Management

“The mission of the Department of Health Care Policy & Financing is to purchase cost-effective health care for qualified, low-income Coloradans.”

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(E&M) physician services codes. These E&M codes correspond to the most common primary care physician services provided. The attached table illustrates the rate prior to the increase and after. The remaining allocated funds (\$3,056,403) were used to apply a 3.25% to all Medicaid fee-for-service dental and Durable Medical Equipment (DME) codes. DME services that are paid by-invoice plus 19% were restored to plus 20% which was the by-invoice payment methodology prior to rate decreases that went into effect in 2004. Providers were notified of the rate increase in the Medical Assistance Program Bulletin issued in July 2006. Other than the DME by-invoice claims, implementation of these rate increases do not require rules to be adopted by the Medical Services Board and do not require the approval of the CMS through a State Plan Amendment. The rule change applicable to the by-invoice claims went before the Medical Service Board for emergency adoption on July 14, 2006.

Questions regarding this response to footnote 26 of H.B. 06-1385 can be addressed to Margaret Mohan, Manager, Acute Care Benefits Section at (303) 866-5620.

Sincerely,

Stephen C. Tool
Executive Director

SCT:mm

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Cc: Senator Abel Tapia, Vice-Chairman, Joint Budget Committee
Senator Moe Keller, Joint Budget Committee
Senator Dave Owen, Joint Budget Committee
Representative Dale Hall, Joint Budget Committee
Representative Jack Pommer, Joint Budget Committee
Senator Joan Fitz-Gerald, President of the Senate
Senator Ken Gordon, Senate Majority Leader
Senator Andy McElhany, Senate Minority Leader
Representative Andrew Romanoff, Speaker of the House
Representative Alice Madden, House Majority Leader
Representative Mike May, House Minority Leader
John Ziegler, JBC Staff Director
Melodie Beck, JBC Analyst
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Luke Huwar, Budget Analyst OSPB
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Code	Description	Old Rate	Rate Effective 7/1/06
99213	Office or other outpatient visit for the evaluation and management of an established patient, low to moderate complexity (approx. 15 minutes)	41.75	45.75
99283	Emergency department visit for the evaluation and management of a patient, moderate complexity	47.74	52.33
99214	Office or other outpatient visit for the evaluation and management of an established patient, moderate to high complexity (approx. 25 minutes)	65.18	71.46
99284	Emergency department visit for the evaluation and management of a patient, high complexity.	73.02	80.05
99391	Periodic comprehensive preventive medicine reevaluation and management, established patient; infant under 1 year	62.97	69.02
99285	Emergency department visit for the evaluation and management of a patient, presenting problem(s) are of high severity and pose an immediate significant threat to life or physiologic function.	115.14	126.20
99212	Office or other outpatient visit for the evaluation and management of an established patient, minor complexity (approx. 10 minutes)	29.93	32.82
99296	Subsequent inpatient neonatal critical care, per day, for the evaluation and management of a critically ill neonate, 28 days of age or less	428.01	469.14
99232	Subsequent hospital care, per day, for the evaluation and management of a patient, patient is responding inadequately to therapy or has developed a minor complication (approx. 25 minutes)	41.83	45.84
99233	Subsequent hospital care, per day, for the evaluation and management of a patient, patient is unstable or has developed a significant complication or a significant new problem (approx. 35 minutes)	58.27	63.87
99203	Office or other outpatient visit for the evaluation and management of a new patient, moderate complexity (approx. 30 minutes)	75.96	83.27
99282	Emergency department visit for the evaluation and management of a patient, low to moderate complexity	26.07	28.56
99392	Periodic comprehensive preventive medicine reevaluation and management, established patient; child age 1 through 4 years	70.53	77.31
99204	Office or other outpatient visit for the evaluation and management of a new patient, moderate to high complexity (approx. 45 minutes)	107.41	117.74
99215	Office or other outpatient visit for the evaluation and management of an established patient, moderate to high complexity (approx. 40 minutes)	94.53	103.60
99238	Hospital discharge day management; 30 minutes or less	49.39	54.15
99244	Office consultation for a new or established patient, moderate to high severity (approx. 60 minutes)	135.21	148.20
99291	Critical care, evaluation and management of the critically ill or critically injured patient; first 30-74 minutes	149.32	163.66
99294	Subsequent inpatient pediatric critical care, per day, for the evaluation and management of a critically ill infant or young child, 29 days through 24 months of age	275.60	302.09

99223	Initial hospital care, per day, for the evaluation and management of a patient, high complexity (approx. 70 minutes)	113.29	124.18
99243	Office consultation for a new or established patient, moderate complexity (approx. 40 minutes)	75.46	82.71
99431	History and examination of the normal newborn infant, initiation of diagnostic and treatment programs and preparation of hospital records.	57.06	62.55
99299	Subsequent intensive care, per day, for the evaluation and management of the recovering low birth weight infant (present body weight of 1500-2500 grams)	91.28	100.04
99202	Office or other outpatient visit for the evaluation and management of a new patient, low to moderate complexity (approx. 20 minutes)	43.26	47.43
99295	Initial inpatient neonatal critical care, per day, for the evaluation and management of a critically ill neonate, 28 days of age or less	511.00	560.11