



NATIONAL ASSOCIATION OF
Community Health Centers

State Policy Report # 42



Status of PPS Implementation in the Children's Health Insurance Program



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FINDINGS

Introduction

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) has expanded CHIP coverage to over 4.1 million children since its passage on February 9, 2009. CHIPRA added \$31.5 billion in funding for the CHIP program through 2013. A prospective payment system (PPS) for federally qualified health centers and rural health centers (FQHC/RHC) was established for CHIP encounters. The CHIP PPS is similar to the FQHC/RHC payment system established for Medicaid by the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act (BIPA) in 2000.

On February 4, 2010, the Centers for Medicare and Medicaid Services (CMS) issued guidance to states [SHO #10-004, CHIPRA #15] which contained three options that states could select in terms of payment rates: adopting Medicaid PPS rates, constructing separate CHIP PPS rates and, using an alternative payment methodology. CMS also reaffirmed the October 1, 2009 implementation date and required that all FQHC CHIP services on and after this date be paid at the PPS rate. This means that many states will have to make PPS-based payments to FQHCs retroactively to October 1, 2009.

In July 2010, The National Association of Community Health Centers (NACHC) in collaboration with the Association of State and Territorial Health Offices (ASTHO) issued a report exploring the implementation of the CHIP PPS. This report reviews the progress achieved since and highlights current efforts at the state level to implement CHIP PPS.

2010 ASTHO Report Recap

As of July 14, 2010, the following 13 states that responded had not implemented CHIP/PPS: Alabama, Arkansas, California, Colorado, Iowa, Michigan, Missouri, Montana, New Hampshire, Pennsylvania, Utah, West Virginia and Wyoming.

In the 2010 ASTHO report:

- 11 states had implemented CHIP PPS, 20 states paid prior, and 13 states had not implemented.
- Of those 11, 8 states selected to reimburse the same as the Medicaid rate, 3 states used APM, and all reported retroactive payments to October 1, 2009.

2011-12 Update

In July of 2011, Primary Care Associations (PCAs) reported on the status of implementation of CHIP PPS. In May of 2012, NACHC updated the information collected.

- Out of 43 total respondents, 17 states have implemented CHIP PPS, 7 states have not implemented to date and 19 paid PPS prior to CHIPRA.
- Out of 17 who have implemented, 13 use same as Medicaid rate, and 2 use a separate CHIP PPS.
- 4 states still working on implementation reported the state plans to use the same rate as Medicaid.
- Out of the 8 states that implemented CHIP PPS after July 2010, half have paid health centers retroactive to October 1, 2009. .

States that Implemented After July 2010

Out of the 13 states that had not implemented CHIP PPS as of July 2010, the following 8 states have since implemented:

Alabama, Arkansas, California, Montana, Pennsylvania, Utah, West Virginia and Wyoming

4 states (AR, CA, MT, and PA) reported payments retroactive to October 1, 2009, while 2 haven't (UT, WV) and the other 2 are unknown.

2 states (WV, WY) created a separate CHIP PPS rate based on two years of reasonable costs, while the others chose to pay the Medicaid rate. It's important to note that an analysis by a public accounting firm in West Virginia determined that CHIP costs were in fact higher than Medicaid.

Each of these states reported problems with the process including significant delays and denials of payments. Implementation took significantly longer than expected and most are still behind in payments or have not received retroactive payments at all.

States that Have Not Implemented CHIP PPS

The following 7 states/territories had not implemented CHIP PPS as of June 2012:

Colorado, Iowa, Michigan, New Hampshire, North Carolina, Puerto Rico, and Washington.

Several of these reported that they are in negotiations with their state Medicaid or CHIP offices to determine a payment methodology as well as a feasible timeline. Again delays due to data, software, and even confusion around the law have prolonged the process in several states. While some states are close to implementation, others appear to have made very little progress. Michigan and Washington are struggling to implement for one remaining population.

Conclusion

Some progress has been made, including the implementation of CHIP PPS by 8 states since July 2010. But more than three years after the passage of CHIPRA, at least 2 states have not paid retroactive to October 2009, many others are reporting significant delays, and 7 states have yet to implement CHIP PPS altogether. Where CHIP PPS has not been implemented, states, PCAs, and health centers will need to work together to ensure a smooth transition so that health centers can meet the needs of their growing patient populations.

Methodology

- For the 2011 PPS report, PCAs representing 43 states, the District of Columbia and Puerto Rico responded at least in part. The initial assessment was done in July 2011 and an effort was made via email and phone calls to update this information in May-June 2012.
- In the 2010 ASTHO report, a total of 45 state Medicaid/CHIP directors were queried with separate or combination Medicaid/CHIP programs. Out of the 45 total states, 37 responded.

Figure 1: Status of CHIP PPS Implementation

State	Has your state implemented CHIP PPS?			Which option did the state select?		
	Yes	No	State paid PPS prior to CHIPRA	Same as Medicaid Rate	Separate CHIP PPS rate based on 2 years of reasonable costs	Alternative Payment Methodology
Alabama	X			X		
Arkansas	X			X		
California	X			X		
Colorado		X				
Connecticut			X			
Delaware			X			
District of Columbia	X			X		
Hawaii			X			
Idaho	X			X		
Illinois			X ¹			
Indiana			X			
Iowa		X				
Kansas	X			X		
Maine			X			

¹ FQHCs have been paid the Medicaid APM for CHIP visits.

State	Has your state implemented CHIP PPS?			Which option did the state select?		
	Yes	No	State paid PPS prior to CHIPRA	Same as Medicaid Rate	Separate CHIP PPS rate based on 2 years of reasonable costs	Alternative Payment Methodology
Massachusetts			X ²			
Michigan ³		X				
Minnesota			X			
Mississippi	X			X		
Missouri			X			
Montana	X			X		
Nebraska			X			
New Hampshire		X				
New Jersey			X			
New York	X			X ⁴		
North Carolina		X				

² FQHCs have been paid the Medicaid APM for CHIP visits.

³ Michigan has implemented for most of the CHIP program, with the exception of "MOMS".

⁴ In New York, FQHCs receive their Medicaid PPS rate but it is also an APM. The reason it's an APM is because the CHIP program has no mechanism to directly pay the FQHCs. According to statute, the CHIP program may only contract with MCOs to deliver the program and therefore only MCOs can receive payments from CHIP. The way CHIP PPS has to work is the FQHCs submit their CHIP wrap to the State and the State pays it to the MCO who passes it through to the FQHC.

State	Has your state implemented CHIP PPS?			Which option did the state select?		
	Yes	No	State paid PPS prior to CHIPRA	Same as Medicaid Rate	Separate CHIP PPS rate based on 2 years of reasonable costs	Alternative Payment Methodology
North Dakota	X				X	X ⁵
Ohio			X			
Oklahoma			X			
Oregon			X			
Pennsylvania	X			X		
Puerto Rico		X				
Rhode Island			X			
South Carolina			X			
South Dakota			X			
Tennessee	X			X		
Texas	X			X		
Utah	X			X		
Vermont			X			

⁵ FQHCs use both PPS and APM

State	Has your state implemented CHIP PPS?			Which option did the state select?		
	Yes	No	State paid PPS prior to CHIPRA	Same as Medicaid Rate	Separate CHIP PPS rate based on 2 years of reasonable costs	Alternative Payment Methodology
Virginia	X				X	X ⁶
Washington		X ⁷				
West Virginia	X				X	
Wisconsin			X			
Wyoming	X				X	
TOTAL	17	7	19	13	2	0

⁶ FQHCs use both PPS and APM

⁷ Washington paid PPS prior, with the exception of one population, which they are in the process of implementing.

Figure 2: States Which Implemented CHIP PPS after July 2010⁸

State	Has the state paid health centers retroactive to October 1, 2009?		What lessons were learned during the implementation process?	How is the system working to date?
	Yes	No		
Alabama				
Arkansas	X		Medicaid wanted to keep rates the same for each CHC as opposed to several different rates	Working to solve delayed payments
California	X		PCA was very proactive in advocating for implementation, but the state was initially reluctant. Even once the state agreed to make the payments, there was very slow progress and a lack of priority at the state level. Ultimately the PCA appealed to the Medi-Cal Director and health centers began to bring their concerns to legislators. It is important to follow the implementation along each step of the way.	The majority of payments did not begin to arrive until May 2012. Several logistical errors resulted in reduced or denied payments. These were identified and the PCA has worked closely with the state to correct each one of these. All corrections in the state payment system are expected by June 2012.
Montana	X		It is taking longer than anticipated to make all of the software/implementation changes. Montana is still in the process of working out some details for billing.	Fairly well, except some sites are still having some billing denials

State	Has the state paid health centers retroactive to October 1, 2009?		What lessons were learned during the implementation process?	How is the system working to date?
	Yes	No		
Pennsylvania	X		<p>This CHIP PPS implementation process provides insight into the challenges all will face with the health insurance exchanges and PPS.</p> <p>The Pennsylvania Insurance Department has submitted an application to CMS for the second round of grant funding for CHIP programs to continue the transition to PPS reimbursement. PACHC would have a role in this ongoing CHIP PPS implementation.</p>	<p>It is taking much longer than anticipated to see payment to the health centers. The Pennsylvania Insurance Department (PID) has finalized a process and authorized retroactive payment but only one health center has received a payment. There have been challenges with data accuracy and reconciliation, contract questions, and payment process issues. Payment is coming from the ten contracted private managed care organizations (MCOs) that provide CHIP coverage not the Pennsylvania Insurance Department.</p>
Utah		X	<p>Implementation is taking an inordinate amount of time in Utah. Data was difficult for the Medicaid agency to acquire (their own, not FQHC data)</p>	<p>Rates have been determined and agreed upon, but no payments have been made to date including retroactive payments. The state has agreed to pay retroactive, but has not done so at this time</p>
West Virginia		X	<p>CHIP considered CHCs as partners during the implementation and it was very constructive</p>	<p>Back-payments not yet received by CHCs, but should be done by early fall</p>

State	Has the state paid health centers retroactive to October 1, 2009?		What lessons were learned during the implementation process?	How is the system working to date?
	Yes	No		
Wyoming				
TOTAL	4	2		

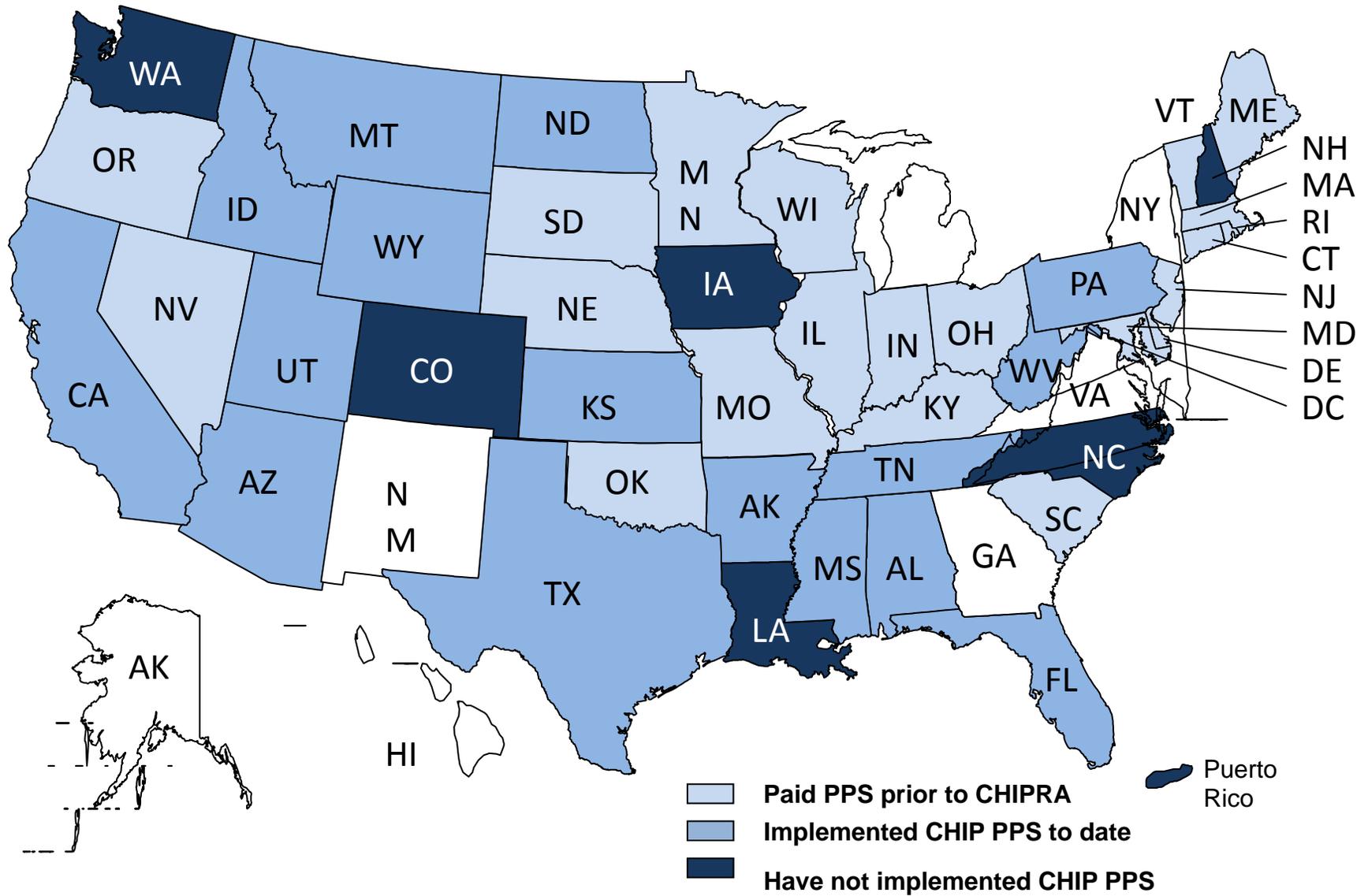
Figure 3: States Which Have Not Implemented CHIP PPS to Date⁹

State	What is the state working on in terms of a payment rate?			What is the timeline for implementation?	Is there assistance needed to complete implementation?
	Same as Medicaid Rate	Separate CHIP PPS rate based on 2 years of reasonable costs	Alternative Payment Methodology		
Colorado	X			<p>Back-payments expected in the next state fiscal year. Implementation on a moving forward basis expected by 12/31/12. Note that Colorado is planning on paying CHCs their Medicaid PPS rate. This is different/lower than the current Medicaid rate CHCs receive which is an APM.</p>	No
Iowa				<p>State sent letter to CMS attempting to avoid responsibility as they have contracted with private plans to manage CHIP and there is no provision in contract to pay encounter fee – they indicated in their</p>	

State	What is the state working on in terms of a payment rate?			What is the timeline for implementation?	Is there assistance needed to complete implementation?
	Same as Medicaid Rate	Separate CHIP PPS rate based on 2 years of reasonable costs	Alternative Payment Methodology		
				correspondence their contracts were with the provider not the center which is not the case.	
Michigan	X			Expected to take several more months.	Possibly related to MOMS.
New Hampshire	X			The state is working with the department towards implementation in the next few months.	The state Medicaid Director recently got the approval from CMS to have a staff person available to assist with PPS/APM implementation, which would likely include this.
North Carolina				Unknown	
Puerto Rico	X			Unknown	Unknown
Washington				Initially delayed due to back and forth between state and CMS, Now delay is due to computer changes necessary for	

State	What is the state working on in terms of a payment rate?			What is the timeline for implementation?	Is there assistance needed to complete implementation?
	Same as Medicaid Rate	Separate CHIP PPS rate based on 2 years of reasonable costs	Alternative Payment Methodology		
				billing. The state says they don't have a mechanism to electronically retrieve and reimburse for all the denied claims subsequent to October 1, 2009.	
TOTAL	4	0	0		

Figure 4: Status of CHIP PPS Implementation*



*Additional Source: Association of State and Territorial Officials. (2011). *Status of CHIP Prospective Payer System implementation: An assessment of state CHIP directors*. Retrieved from <http://www.nachc.com/client/CHIP%20PPS%20ASTHO%20NACHC.pdf>