Wyoming Department of Health

Commit to your health.

SFY 2023 Wyoming Medicaid Reimbursement Benchmarking Study

Based on Data Ending State Fiscal Year 2023

Wyoming Department of Health

Table of Contents

APPENDICES

Section 1: Introduction

The SFY 2023 Wyoming Medicaid Benchmarking Study is the sixteenth published comprehensive study of reimbursement trends designed to support analysis of Medicaid reimbursement by the Wyoming Department of Health (WDH). This report is a companion document to the *Wyoming Medicaid SFY 2023 Annual Report* to provide information to policymakers as they evaluate reimbursement systems and payment levels and balance the competing demands of Medicaid providers and recipients for limited state resources.

Section 2 of this report reviews payment methodologies and analyzes Wyoming Medicaid reimbursement in comparison to other payers' rates and methodologies for the service areas listed in Figure 1.1. The SFY 2023 Benchmarking Study compares Wyoming Medicaid rates to rates from Medicare, six other surrounding state Medicaid programs (Colorado, Idaho, Montana, Nebraska, South Dakota, and Utah) and commercial payers, where available. The methodologies and benchmarks used are detailed in Appendices A-D of this report. Section 2 also describes all Wyoming Medicaid reimbursement and benefit changes that occurred during SFY 2023. As this report centers on SFY 2023 it will no longer include a focus on COVID-19 reimbursement and policy changes with the end of the Public Health Emergency (PHE) and the initiation of Medicaid redetermination.

Figure 1.1: Service Areas Included in the SFY 2023 Benchmarking Study

Service Areas Included in the Benchmarking Study	
Ambulance	Maternity
Ambulatory Surgery Center (ASC)	Nursing Facilities
Behavioral Health	Physician and Other Practitioner[1]
Dental	Public Health, Federal (Tribal Facilities)
Developmental Center	Prescription Drugs
Durable Medical Equipment, Prosthetic, Orthotic and Supply (DMEPOS)[2]	Psychiatric Residential Treatment Facility (PRTF)
End Stage Renal Disease (ESRD)	Rural Health Clinic (RHC)
Federally Qualified Health Center (FQHC)	School Based Services
Home Health	Supplemental Payments
Hospice	Vision - Ophthalmology
Hospital - Inpatient	Vision - Optician/Optometry
Hospital - Outpatient	Telehealth/Telemedicine
Intermediate Care Facility – Intellectually Disabled (ICF-ID)	Waiver Services (HCBS)
Laboratory	

Considerations Regarding Medicaid Reimbursement

The Federal government allows each state to set its own Medicaid rates based upon their program goals and objectives as long as states comply with the provisions of *42 U.S.C. §1396a(a)(30)(A)*, which requires states to:

> *… assure that payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area.*

[1] Includes primary care, physician specialist, and maternity providers.
[2] Includes DMEPOS rentals and purchases.

In addition, it is generally accepted that Medicaid will act as a prudent purchaser of services. As a public program, Medicaid has limited resources with which to provide services and must promote responsible use of taxpayer funds. Medicaid, therefore, must sometimes make difficult choices regarding provider payment levels relative to the economic environment of the State and the availability of funding.

Finally, there are Federal regulations regarding the limits of Medicaid payments for hospital, physician, clinic, prescription drugs and laboratory services with which states must comply. For example:

- For inpatient and outpatient hospital services, clinic services, and other qualified practitioners, Medicaid payments may not exceed a reasonable estimate of the amount that would be paid under the Medicare program to a group of service providers within each of the provider grouping categories (state-owned or operated, non-state owned or operated, and private).[3] For these providers the upper payment limit (UPL) for Medicaid payment may not exceed a reasonable estimate of the amount that would be paid under Medicare. Further, Medicaid payments to a group of facilities within each of the providers grouping categories (state-owned or operated, non-state government owned or operated, and private) may not exceed the upper payment limit.[4,5]
- For PRTFs and Institutions of Mental Disease (IMDs), Medicaid payment may not exceed the provider's customary charges.[3]
- Medicaid payment for clinical diagnostic laboratory services provided by a physician, independent laboratory or hospital may not exceed the Medicare fee schedule on an individual procedure code level.[6]

Considerations Regarding Rate Adjustments

Wyoming Medicaid performs rate updates for most services on an "as needed" basis, although some rate components are updated annually. For example, relative weight values for outpatient hospital Ambulatory Payment Classifications (APCs) and provider cost-to-charge ratios for the outpatient and inpatient payment systems. Wyoming Medicaid must also consider State budget targets when performing updates, which can involve maintaining budget neutrality for a particular service area and/or for the entire Wyoming Medicaid program. There are also on occasion legislatively mandated budget increases or decreases (service-specific or overall)[7]. Updates to one fee schedule may affect multiple service areas, for example, the Wyoming Medicaid's Physician and Other Practitioner Resource Based Relative Value Scale (RBRVS) fee schedule applies to physicians, nurse practitioners, and other physical health and behavioral health providers. Performing updates in a coordinated, timely fashion minimizes the potential for

[3] 42 CFR § 447.272
[4] 42 CFR § 447.321
[5] The provider grouping categories are 1) state-owned or operated, 2) non-state owned or operated and 3) privately owned or operated.
[6] State Medicaid Manual, Title XIX State Plan Amendments, Part 6 Section 6300.2 "Fee Schedules for Outpatient Clinical Laboratory Tests".
[7] Beginning January 1, 2021, Wyoming Department of Health, Division of Healthcare Financing implemented a 2.5 percent rate reduction across all provider services.

reimbursement to become disconnected from industry standards and current utilization and expenditure trends.

Comparison to Other States' Medicaid Programs

Comparisons to other states' Medicaid rates can provide Wyoming Medicaid with useful reference points for evaluating Wyoming's rates. These comparisons confirm that Wyoming rates are sufficient to enlist enough providers and that Medicaid beneficiaries have sufficient access to services. However, states may have different reimbursement methodologies and coverages so direct rate comparisons may not be available. Medicaid rates may be impacted by a state's desire to provide consistent reimbursement between service areas or impacted by efforts to attract and retain provider types that are especially important to their Medicaid population. Therefore, when viewed in isolation, rate comparisons across states or service areas may not provide an accurate comparison in light of a state's underlying policy decisions.

For purposes of this report, WDH compared Wyoming Medicaid rates to Medicaid rates from the surrounding states of Colorado, Idaho, Montana, Nebraska, South Dakota, and Utah. The methodology for these comparisons is in Appendix A and detailed analyses by service area are provided in Appendix B.

Comparison to Medicare

Although there are differences between Medicare and Medicaid in terms of populations, coverage and payment policies, Medicare is an important comparison point for Medicaid, as Medicare payments rates are generally determined based on the relative cost of a service. Medicare policy often influences payment policies of other payers, including both commercial and Medicaid payers. In addition, Medicaid and Medicare are both public programs and must provide access to care while appropriately and responsibly spending public funds. However, Congress decides Medicare reimbursement levels while Medicaid coverage, reimbursement methodologies, and payment levels are determined by state legislatures and the state agencies that administer the programs.

There are some Medicaid services that are covered only to a limited extent by Medicare. For example, nursing homes, which are primarily covered by Medicaid and to a more limited extent (and with different coverage) by Medicare. There are other services, such as dental or vision, which are not covered by Medicare, in general.

For services which Medicare reimburses under a fee schedule, WDH compared Wyoming Medicaid SFY 2023 payments to the CY 2023 Medicare fee schedules.[8] Medicare reimburses the following services under a fee schedule: ambulance, behavioral health, DMEPOS, hospice, laboratory, physician, and vision services.[9] To the extent that the Medicare payments varied by geographic region, WDH used those payments that are specific to Wyoming.[10] To determine

[8] Medicare updates rates on a calendar year (CY) basis while Wyoming Medicaid updates rates on a state fiscal year (SFY) basis; therefore, we compared Medicare rates from CY 2023 to Wyoming Medicaid rates from SFY 2023.
[9] FFS Medicare does not normally cover routine vision services, such as eyeglasses and eye exams, but it may cover some vision costs associated with eye problems that result from an illness or injury.
[10] WDH used Wyoming-specific Medicare fee schedules for the following service areas: ambulance, behavioral health, DMEPOS, laboratory, physician, and vision. Medicare does not produce Wyoming-specific fee schedules for ASC or hospice.

Medicare rates for home health services, WDH calculated average Medicare home health visit rates in Wyoming using the average Wyoming Wage Index Budget Neutrality Factor. To compare Wyoming Medicaid outpatient hospital payments to Medicare, WDH compared Wyoming Medicaid's weighted outpatient conversion factor based on SFY 2023 claims volume (see Figure 2.6) to Medicare's CY 2023 Outpatient Prospective Payment System (OPPS) conversion factor. The methodology for these comparisons is in Appendix A, and detailed analyses are provided in Appendix C.

Comparison to Commercial Payers

Another benchmark for comparison in the SFY 2023 Benchmarking Report are the rates that commercial health plans (i.e., non-government) pay providers in the State. While commercial payers are often the "highest" payer, comparing commercial rates offers insights into the commercial market and rates paid by commercial payers. For services that Medicaid reimburses using a fee schedule, WDH compared rates to amounts paid by commercial health plans in Wyoming. We calculated a benchmark by calculating the average amount paid for each service, using the 2022 Truven MarketScan database.[11] The methodology for these comparisons is in Appendix A, and detailed analyses by service area are presented in Appendix B.

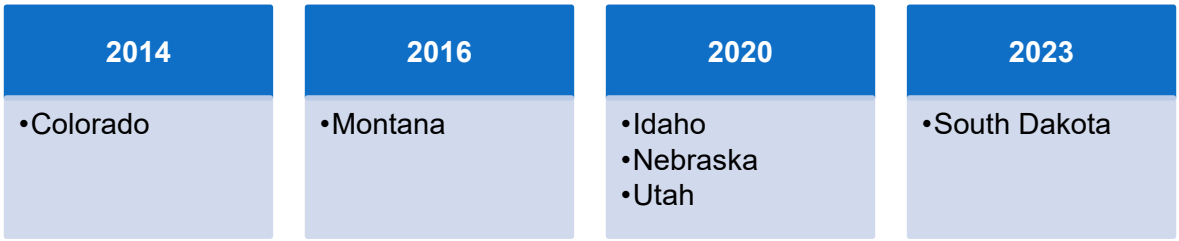
Medicaid Expansion

Medicaid expansion has continued to gain traction across the United States, to date forty-one states and the District of Columbia have adopted Medicaid expansion provisions. This includes all states surrounding Wyoming. Colorado chose to adopt Medicaid expansion when first available on January 1, 2014. Since then, Idaho, Montana, Nebraska, South Dakota, and Utah have all approved Medicaid expansion. In 2018, voters in Idaho, Nebraska, and Utah approved Medicaid expansion via ballot measure for implementation in 2020. In 2022, South Dakota voters approved Medicaid expansion and it was implemented on July 1, 2023.[12] While most states expanded Medicaid in the traditional manner as outlined by the Affordable Care Act, a few states including Montana and Utah expanded Medicaid in an alternative manner (with approval from CMS) through a 1115 waiver.[13,14]

Many states cited expansion as a means to remove the "hidden health care tax" and provide health care providers with compensation for the monetary losses for treating Medicare and Medicaid patients and uninsured patients. The hidden health care tax refers to the cost that would be shifted to privately insured patients placing a burden on the state's population and their employers.

[11] Truven MarketScan commercial claims data contains claims from commercial major medical plans, and therefore does not include claims for dental or vision services. For our analysis, we used allowed amounts for services provided by in-network providers. Truven data comprises claims from all of calendar year 2022 (the most recent year of data available).
[12] South Dakota Department of Social Services, "*Medicaid Expansion and Unwinding"* https://dss.sd.gov/docs/medicaid/general_info/tribal/2023/01_24_23/Medicaid_Expansion_and_Unwinding.pdf
[13] National Academy for State Health Policy. "*Where states stand on Medicaid expansion,"* Available online: https://nashp.org/states-stand-medicaid-expansion-decisions/
[14]

Figure 1. 2 Timeline of Surrounding States Medicaid Expansion Coverage

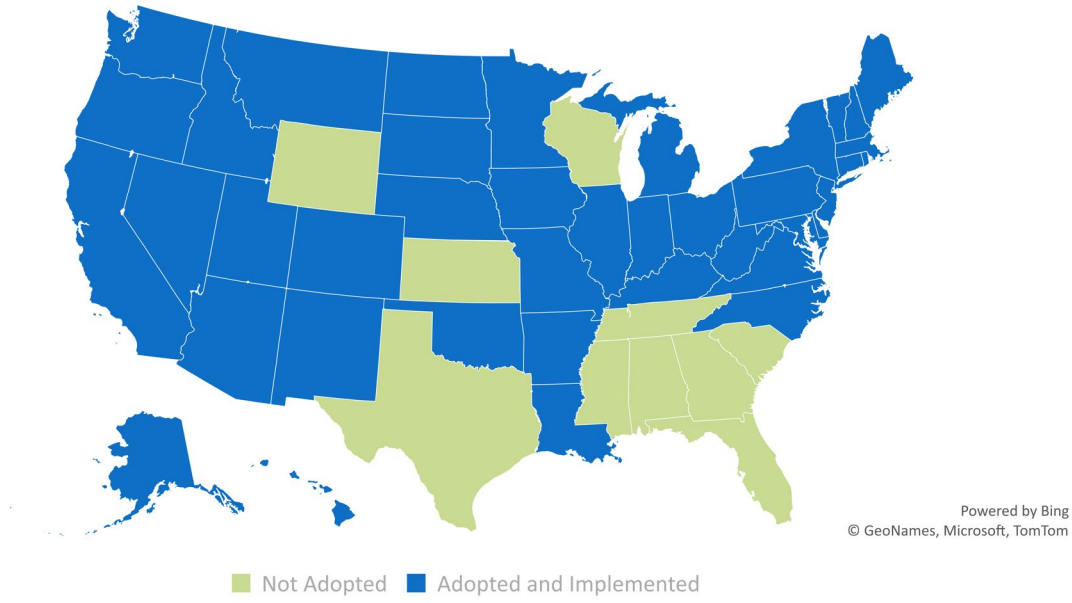


- **Colorado:** The state extended Medicaid coverage to parents of covered Medicaid youth and childless adults in 2009, prior to passage of the Affordable Care Act. As a result, Colorado was eligible for the increased FMAP for the Medicaid expansion population when it was first available on January 1, 2014. [15]
- **Idaho:** Following a Medicaid expansion ballot measure in 2018, Idaho began Medicaid coverage on January 1, 2020, for adults with an annual income up to one hundred thirty eight percent (138%) of the federal poverty level (FPL). The Idaho legislature directed the State to submit several waivers targeted at the expansion population, including work requirements and coverage choice. The Biden Administration withdrew Medicaid work requirement provisions in February 2021 and the other waiver request remain pending.[16]
- **Montana:** The state submitted a 1115 waiver to CMS in 2015 and began coverage on January 1, 2016, for adults with an annual income up to one hundred thirty eight percent (138%) of the FPL. CMS initially approved the Section 1115 Demonstration for Medicaid expansion through 2019. In 2019, Montana submitted a Section 1115 Demonstration waiver renewal for an additional six years, however the 2019 waiver included work requirements as a condition of eligibility. In 2021, the Biden Administration notified Montana that the work requirement provision would not be approved.[17] Additionally, in December 2021, CMS notified Montana that the premium requirement for the expansion population contained in the Section 1115 Demonstration needed to be phased out by 2022.[18]
- **Nebraska:** Following a Medicaid expansion ballot measure in 2018, Nebraska began Medicaid coverage on January 1, 2020. CMS initially approved a waiver to implement a tiered benefit structure that requires members to meet work requirement, however Nebraska withdrew that waiver in 2021, following the Biden Administration's decision to withdraw Medicaid work requirement provisions. Nebraska began offering full benefits to all expansion adults beginning on October 1, 2021.[19]

[15] Colorado Health Institute, "*ACA at 10 Years: Medicaid Expansion in Colorado*," Available online: https://www.coloradohealthinstitute.org/research/aca-ten-years-medicaid-expansion-colorado
[16] CMS, "*State Waivers List*," Available online: https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/index.html
[17] Montana DPHHS, "*Montana's New Healthcare Option*," Available online: https://dphhs.mt.gov/medicaidexpansion/
[18] KFF, "Status of State Medicaid Decisions," Available online: Status of State Medicaid Expansion Decisions: Interactive Map | KFF
[19] Nebraska DHHS, "*Medicaid Expansion in Nebraska*," Available online: https://dhhs.ne.gov/Pages/Medicaid-Expansion.aspx

- **Utah:** Following a Medicaid expansion ballot measure in 2018, Utah began Medicaid coverage on January 1, 2020. At the direction of the Utah state legislature, the state amended their 1115 Primary Care Network Waiver to expand Medicaid eligibility to adults under the age of sixty-five with an annual income up to on one hundred thirty eight percent (138%) of the FPL**.** If available, Utah requires newly eligible adults to enroll in their employer-sponsored health plan and will cover monthly premiums, co-pays, and deductibles**.** On August 2021,CMS withdrew approval of Utah's Community Engagement (CE) requirement.[20]
- **South Dakota:** Following a Medicaid expansion ballot measure in 2022, South Dakota began Medicaid coverage on July 1, 2023, for adults ages 18 to 64 with incomes up to one hundred thirty eight percent (138%) of the federal poverty level. Expansion recipients receive the same benefit package as traditional adult Medicaid recipients regardless of their category of eligibility.[21]

Figure 1.3: State Medicaid Expansion Under the Affordable Care Act



Recent studies have identified the benefits to States that have expanded Medicaid. Areas that have seen improvement include:

- **Benefits for Young Adults:** In states that expanded Medicaid, researchers found that expanded coverage improved care quality, access, and reduced healthcare costs.[22]
- **Increased Financial Outcomes of Providers:** Studies have shown that expanding Medicaid has a positive impact on healthcare providers by increasing financial performance

[20] Utah Department of Health, Medicaid, "*Medicaid Expansion*," Available online: https://medicaid.utah.gov/expansion/
[21] South Dakota DSS, "Medicaid Expansion and Unwinding," Available online: https://dss.sd.gov/docs/medicaid/general_info/tribal/2023/01_24_23/Medicaid_Expansion_and_Unwinding.pdf
[22] National Institute on Minority health and Health Disparities, "Medicaid Expansion Benefits Young Adults," Available online: https://www.nimhd.nih.gov/news-events/research-spotlights/medicaid-expansion-benefits-young-adults.html

which results in payer mix improvements. Medicaid expansion leads to a lower share of uninsured patients in hospitals and lower overall uncompensated care costs for specific types of hospitals, including rural facilities. This helps to boost revenue and increases stability for providers. [23]

- **Rural Hospitals:** The financial health of rural hospitals and their impact on access to care and local economies has been an ongoing concern for many states. A recent analysis found that rural hospitals in non-expansion states fared worse financially than those in expansion states. The study found that in 2022, the median operating margins of rural hospitals in expansion states (3.9%) were higher than those in non-expansion states (2.2%). [24]
- **Reduced Postpartum Hospitalizations:** A study based on hospital data collected from 2010 to 2017, has shown Medicaid expansion led to greater coverage for lower income birthing people in preconception and postpartum care. When comparing changes in hospitalizations in states with a Medicaid covered delivery in states with and without Medicaid Expansion; it was found that a seventeen percent (17%) reduction in hospitalizations occurred in the first sixty days postpartum. [25]

Social Determinants of Health (SDoH)

Social Determinants of Health (SDoH) are "the social factors and physical conditions of the environment in which people are born, live, learn, play, work, and age," and includes factors such as economic stability, education, health and healthcare, neighborhood and environment, and social and community context.[26] While federal Medicaid rules generally prohibit Medicaid programs from paying for non-medical services, in January 2021, CMS released guidance describing opportunities for states to use Medicaid programs to address SDOH. The opportunities included State Plan Authority, Section 1115 Waivers, Medicaid Managed Care Flexibility, and Integrated Care Models.

Services and supports that CMS proposed could be covered under Medicaid programs to address SDoH included: Housing related services and supports (home accessibility modifications, one-time community transition costs, and housing and tenancy supports), non-medical transportation, home-delivered meals, educational services, employment, community integration and social supports, and case management.[27] As shown in figure 1.4, several of Wyoming's surrounding states have used these opportunities to implement policies targeted at addressing member's SDoH.

---

[23] Recycle Intelligence, "Medicaid Expansion Helped Improve Provider Financial Performance," Available online: https://revcycleintelligence.com/news/medicaid-expansion-helped-improve-provider-financial-performance

[24] Kaiser Family Foundation, "Rural Hospitals Have Fared Worse Financially in States that Haven't Expanded Medicaid Coverage," Available online: https://www.kff.org/health-costs/press-release/rural-hospitals-have-fared-worse-financially-in-states-that-havent-expanded-medicaid-coverage/

[25] Health Affairs**, "***Medicaid Expansion Led to Reductions in Postpartum Hospitalizations*," Available online: https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2022.00819?journalCode=hlthaff

[26] Office of Disease Prevention and Health Promotion. "*Healthy People: Determinants of Health*," Available online: https://www.healthypeople.gov/2020/about/foundation-health-measures/determinants-of-health

[27] CMS, "*Opportunities in Medicaid and CHIP to Address SDOH*," Available online: https://www.medicaid.gov/federal-policy-guidance/downloads/sho21001.pdf

Figure 1.4: Surrounding States SDoH Policies

State Plan Authority

- South Dakota Medicaid leveraged the health home option allowed under optional State Plan Authority to establish health homes to coordinate care for high-cost members with chronic conditions. The goal of the program is to improve members care while reducing utilization of high-cost services.

Section 1115 Waivers

- Montana Medicaid submitted an 1115 waiver, Healing and Ending Addiction through Recovery and Treatment (HEART) which contains a demonstration to provide tenancy support to certain members. The application was approved by CMS on July 1, 2022.

Medicaid Managed Care Flexibility

- Colorado's Medicaid Managed Care Contract requires health plans to provide enrollees with referrals to social services, and partner with Community-Based Organizations or social service providers.
- Nebraska's Medicaid Managed Care contact requires health plans to screen enrollees for social needs, screen enrollees for behavioral health needs or behavioral health risk factors, provide enrollees with referrals to social services and requires health plans to invest in community services. Integrated Care Models

Trend Towards Value-Based Payments

There is significant movement in the health care industry away from volume-based fee-for-service payment strategies and towards strategies that link payments to quality and outcomes. There are many emerging and evolving payment and service delivery models that provide state Medicaid agencies with the opportunity to move in this direction. For example, add-on care coordination payments, bundled episodes of care, and shared savings arrangements frequently used with accountable care organizations (ACOs). These models require sophisticated analytical and claims processing support and significant collaboration with providers as changes to service delivery systems are often required. WDH currently provides health management through its WYhealth program and utilization managed is contracted externally through Telligen. WDH and can build upon its experience with WYhealth and Telligen to look towards value-based payments for opportunities to slow cost growth and improve health outcomes. For additional information on value-based payment strategies please refer to Appendix K.

Fee-for-Service (FFS) Reimbursement Rates

During COVID-19, federal policymakers attempted to financially bolster states, hospitals, and other healthcare providers through various methods such as enhanced federal matching funds for Medicaid. With the expiration of those enhanced funds and in light of increased inflation and

workforce shortages, states are experiencing increased pressure to maintain this increased funding. Below are highlights of each state's FFS rate increases[28]:

- **Wyoming**: Wyoming has not implemented widespread rate increases but has implemented a 20% nursing facility rate increase effective July 1, 2023 and a 25% dental rate increase effective April 1, 2023.
- **Colorado**: For FY2023-2024, Colorado's Medicaid program implemented a 3% across the board provider rate increase effective July 1, 2023. This included 3% across the board increases for Home and Community Based Services (HCBS) waivers services and raising HCBS workers hourly rate from $15.00 to $15.75.[29]
- **Idaho**: Effective July 1, 2023, Idaho Medicaid increased reimbursement rates to 38 unique service codes for various behavioral health services. The rate increases ranged from 5% to 30% and were made because of a behavioral health reimbursement rate analysis.[30]
- **Montana:** On June 14, 2023, Montana passed House Bill 2, which included $339 million in rate increases for Medicaid providers over fiscal year 2023 and 2024. The aim of this historic Medicaid provider rate increase is to provide stability to healthcare providers and expand access to services. [31]
- **Nebraska:** Nebraska reported a 20% rate increase for nursing facilities in FY2023 and a 3% increase in FY2024. Additionally, there was a 17% across the board behavioral health rate increase of 17% in FY2023 and 3% in FY2024.[32]
- **South Dakota:** Effective July 1, 2022, South Dakota Medicaid increased most reimbursement rates by 6.0%.[33] In addition, the state has reported a 16% increase for SUD and CMHC providers and a 5% inflationary increase for all other behavioral health services in FY2023.

Fee-for-Service (FFS) vs Medicaid Managed Care Activities

Another trend seen in the health care industry is the transition from fee-for-service to managed care. In a bid to control rising health care costs and improve budget projections, state Medicaid programs have contracted with managed care plans to provide service for their enrollees as well as integrated elements of managed care into their state Medicaid programs.

[28] KFF, "State Medicaid Budget Survey," Available online: https://www.kff.org/report-section/50-state-medicaid-budget-survey-fy-2023-2024-provider-rates-and-taxes/
[29] HCPF, "Fee for Service Rate Information," Available online: https://www.hcpf.colorado.gov/ffs-rate-info
[30] Optum, "May 1, 2023, Alert on Reimbursement Rate," Available online: https://www.optumidaho.com/content/dam/ops-optidaho/idaho/docs/alerts/2023-alerts/May%201%202023%20--%20IBHP%20Reimbursement%20Rate%20Increases%20Effective%20July%201%202023.pdf
[31] DPHHS, "Montana Healthcare Programs Notice," Available online: https://medicaidprovider.mt.gov/docs/providernotices/2023/ProviderRateIncreases.pdf
[32] Nebraska DHHS, "Provider Rate Memo," Available online: https://dhhs.ne.gov/DD%20Documents/Provider%20Rate%20%20Memo_DD.pdf#search=rate%20increase
[33] South Dakota DSS, "Provider Bulletin," Available online: https://dss.sd.gov/docs/medicaid/providers/ProviderBulletins/2022/08.03.22_Summer_Provider_Newsletter.pdf

As shown in Figure 1.5, as of CY 2021 all of Wyoming's six surrounding comparison states have implemented elements of managed care into their Medicaid programs, with actions ranging from assigning enrollees with medical homes to contracting with accountable care organizations. Four of these surrounding states – Colorado, Idaho, Nebraska, and Utah – have gone one step farther and enrolled over ninety percent (90%) of their Medicaid populations in comprehensive managed care plans. In comparison, Wyoming operates primarily on a fee-for-service model and has less than one percent of their total Medicaid population enrolled in any type of Medicaid managed care.[34]

Figure 1.5: Medicaid Managed Care Delivery System and Percent of Medicaid Beneficiaries Enrolled in Managed Care[35]

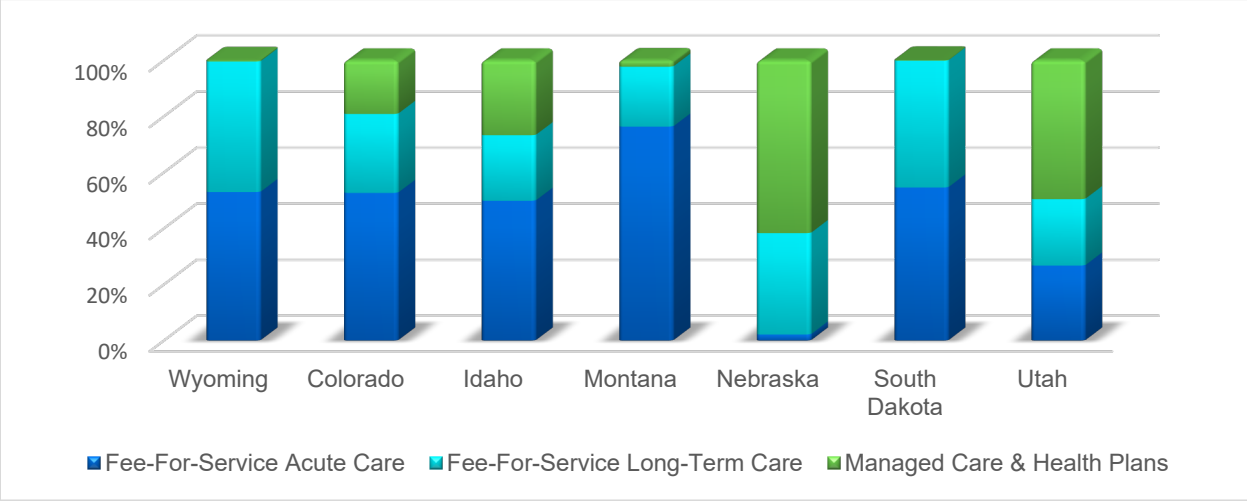
State	Medicaid Managed Care Delivery System	Percent of Medicaid Beneficiaries Enrolled in Any Type of Managed Care	Percent of Medicaid Beneficiaries Enrolled in Comprehensive Managed Care
Wyoming[36]	No Comprehensive Medicaid Managed Care	0.8%	0%
Colorado	Medicaid Managed Care Organization and Primary Care Case Management Program	94.9%	0.3%
Idaho	Primary Care Case Management Program	92.8%	5.6%
Montana	Primary Care Case Management Program	79.2%	0.0%
Nebraska	Medicaid Managed Care Organization	99.6%	99.6%
South Dakota	Primary Care Case Management Program	61.1%	0.0%
Utah	Medicaid Managed Care Organization	94.7%	82.9%

The percentage of Medicaid spending on acute and managed care varies from state to state, as shown in Figure 1.6. All of Wyoming's surrounding comparison states still use a fee-for-service reimbursement model for limited acute and long-term care costs.[37] Nebraska and Utah have the highest spending for Medicaid managed care services, with managed care expenditures

[34] CMS defines Comprehensive Managed Care as managed care plans that provide enrollees with comprehensive benefits including acute, primary care, specialty, etc. CMS also classifies PACE programs as comprehensive managed care.
[35] CMS, "*Share of Medicaid Enrollees in Managed Care*," Available online: https://www.medicaid.gov/medicaid/managed-care/enrollment/index.html
[36] Wyoming Medicaid managed care was primarily used for the PACE program. Wyoming has one 1915(b) managed care waiver that provides wraparound Care Management Entity (CME) benefits for children with serious emotional disorders-statewide, as well as a PACE program that was only available in Laramie County. Due to State budget cuts, the Wyoming PACE program was defunded Q2 of SFY 2021.
[37] Wyoming accounting for the majority of their Medicaid spending through FFS Acute Care and Long-Term Care.

accounting for about sixty percent (60%) and forty-eight percent (48%) respectively of each state's total Medicaid spending.[38]

Figure 1.6: SFY 2022 Distribution of Medicaid Acute and Managed Care Spend by Service Area[39]



While these states have the majority of their Medicaid population enrolled in managed care, Medicaid beneficiaries with more extensive needs are difficult to serve through managed care programs due to the specialized services and resources needed to adequately meet their needs. These populations are often served on a fee-for-service model and can help explain the disconnect between Medicaid enrollment in managed care and spending.

Colorado and Idaho have nearly ninety percent (90%) of their Medicaid population enrolled in some type of managed care. However, only a small proportion are enrolled in comprehensive managed care. As seen in Figure 1.7, managed care accounts for only eighteen percent (18%) of spending in Colorado and twenty-six percent (26%) of spending in Idaho. Wyoming, along with Montana and South Dakota, which have the smallest percent of their population enrolled in managed care, spend two percent (2%) or less of Medicaid costs on managed care.

[38] KFF, *"Total Medicaid MCO Spending,"* Available online: https://www.kff.org/other/state-indicator/total-medicaid-mco-spending/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

[39] Kaiser Family Foundation, *"Distribution of Medicaid Spending by Service with Percentages,* Available online: https://www.kff.org/medicaid/state-indicator/distribution-of-medicaid-spending-by-service/?dataView=1&currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

Figure 1.7: SFY 2023 Medicaid Spending by Service Area[40]

State	Acute Care (FFS)	Long Term Care (FFS)	Managed Care	Payments to Medicare	DSH[41]
Wyoming	51%	45%	0%	3%	0%
Colorado	51%	27%	18%	2%	2%
Idaho	48%	23%	26%	3%	1%
Montana	74%	21%	2%	3%	0%
Nebraska	2%	35%	60%	2%	1%
South Dakota	53%	44%	0%	4%	0%
Utah	26%	23%	48%	2%	1%

Numbers may not sum to 100% due to rounding.

[40] Kaiser Family Foundation, "*Distribution of Medicaid Spending by Service*," Available online: https://www.kff.org/medicaid/state-indicator/distribution-of-medicaid-spending-by-service//

[41] DSH payments are supplementary payments made to hospitals that serve a disproportionate number of low-income patients.

Section 2: Reimbursement Options

Policymakers face complex decisions about the most effective distribution of limited state resources. As part of their decision-making process, they must evaluate reimbursement systems and payment levels, make recommendations for further analysis, changes, and set priorities. The purpose of this section is to provide information and rationale to support WDH's decision-making processes regarding reimbursement policies and levels.

Section 2 describes WDH's recommendations regarding Medicaid reimbursement methodologies, payment amounts, and the timing and methodology of payment increases. These reimbursement recommendations support WDH's goals of using rational payment methodologies, providing consistency across service areas, and providing fair and equitable payments that support providers' continued participation in the Wyoming Medicaid program and beneficiaries access to services.

Program Changes During SFY 2023

Wyoming Medicaid made several program changes pertaining to covered services and reimbursement during SFY 2023, which are presented in Figure 2.1.

Figure 2.1: Medicaid Coverage and Reimbursement Changes

Eligibility Category/ Service Area	Action	Dates of Implementation
Home & Community-Based Services (HCBS)	• Implemented new service plan requirements and processes in response to the Community Choices waiver renewal that went into effect on July 1, 2022.	July 1, 2022
Health Management Outcome Improvement (HMOI), Health Management - Utilization Management (HMUM)	• On July 1, 2022, the contract with Optum ended and the new HM/UM vendor, Telligen, took effect.	July 1, 2022
Dental Care	• Increased reimbursement rates for Wyoming dental facilities.	April 1, 2023
Nursing Facilities	• Increased reimbursement rates for Wyoming nursing facilities.	July 1, 2023
Podiatry Care	• Podiatry care was added as a covered benefit for all Wyoming Medicaid Members	July 1, 2023
Inpatient Hospital	• Updated inpatient hospital reimbursement system	July 1, 2023
Durable Medical Equipment	• Updated the reimbursement methodology for durable medical equipment/supplies and allows for a non-rural and rural rate	July 1, 2023

Figure 2.1: Medicaid Coverage and Reimbursement Changes

	according to the member's physical address.	
End-Stage Renal Disease	• Reimbursement methodology was updated to an average Medicare rate	October 1, 2023
Maternity	• Elected the option described in section 1902(e)(16) of the Social Security Act to provide 12 months of postpartum coverage to Medicaid-eligible pregnant individuals.	July 1, 2023
Hospice	• Updated the reimbursement methodology for hospice services when quality data is not submitted by a provider.	July 1, 2023

Wyoming Medicaid Comparisons to Benchmarks

Comparing Wyoming Medicaid rates to other benchmarks may be useful in assessing rates, providing consistency between service areas, or in efforts to direct funding to provider types or service areas to attract or retain provider types that are especially important to the Medicaid population. WDH conducted comparisons with other states' Medicaid rates, Medicare rates and average commercial payments to provide Wyoming Medicaid with relevant benchmarks. WDH calculated Wyoming Medicaid rates in each service area as a percentage of other states' Medicaid rates, Medicare rates, and average commercial payments.[42] Calculating this percentage allows a comparison of payment rates in each service area relative to each other and these percentages can be used as an indicator of consistency. For example, if the Medicaid to Medicare rate ratios are similar for all the service areas, it may suggest that payment is set at a consistent level across service areas. If there are high or low outlier ratios, WDH may wish to further review payment levels for those services.

Figures 2.2 and 2.3 present summaries of Wyoming Medicaid rates by service area to three benchmarks where available: other states' rates, Medicare, and commercial payers.

Figure 2.2 compares Wyoming Medicaid rates to other states, Medicare, and commercial payers, based on services with the highest total paid claims in SFY 2023 within each service area.

[42] The review of rates is limited to the top twenty procedure codes in Wyoming Medicaid claims data for each service area, based on the most frequently utilized codes and the top twenty codes with highest total expenditures during SFY 2023.

Figure 2.2: Comparison of Wyoming Medicaid Rates to Other States, Medicare, and Commercial Payers Using Top Services Based on Utilization[43]

Service Area	Wyoming 2023 Medicaid Rate as a Percent of Benchmarks		
	Other States' Medicaid Rates	2023 Medicare Rates	Average Commercial Payments (2022)
Ambulance	103%	68%	Data not available.*
ASC	128%	110%	Data not available.*
Behavioral Health[44]	82%	87%	58%
Dental	133%	Medicare does not cover this service.	Data not available.*
Developmental Center	84%	77%	54%
DMEPOS[45]	122%	90%	Data not available.*
Home Health	69%	47%	Data not available.*
Hospice	100%	101%	Data not available.*
Hospital – Inpatient	Wyoming Medicaid pays approximately 74.0 percent of inpatient costs.[46]		
Hospital – Outpatient	The weighted average OPPS conversion factor for Wyoming is $63.38. Montana uses a single conversion factor of $56.14 and Utah follows a 0.8990 reduction of Medicare's OPPS conversion factor .	74%	Different reimbursement methodologies do not allow for direct comparisons.
Laboratory	111%	108%	93%

[43] For these comparisons, WDH reviewed the top codes for each service area based on paid claims volume in SFY 2023 and compared the 2023 Wyoming Medicaid rates to 2023 Medicare rates and 2023 fee schedules from Colorado, Idaho, Montana, Nebraska, South Dakota, and Utah (if SFY 2023 fee schedules were not available online, WDH used the most recent rates available).
[44] Only CPT codes were included in this analysis because Medicare and other states do not consistently use the H, T, and G codes that Wyoming uses; therefore, no rate comparisons were possible for those codes.
[45] The Wyoming 2023 Medicaid rate as a percentage of other states and Medicare rates for DMEPOS uses the rates to purchase DMEPOS equipment.
[46] Inpatient costs are calculated using cost-to-charge ratios from hospitals' Medicare cost reports. See Figure 2.5 for additional explanation.

Figure 2.2: Comparison of Wyoming Medicaid Rates to Other States, Medicare, and Commercial Payers Using Top Services Based on Utilization[43]

Service Area	Wyoming 2023 Medicaid Rate as a Percent of Benchmarks		
	Other States' Medicaid Rates	2023 Medicare Rates	Average Commercial Payments (2022)
Maternity Care	100%	101%	75%
Nursing Facility[47]	95%	Data not available	
Physician and other Practitioner	99%	88%	52%
Primary Care	102%	94%	54%
Physician Specialist	93%	86%	46%
Prescription Drugs	Wyoming's dispensing fee: $10.65 Other states' dispensing fees range from $9.31 to $15.57 depending on various factors.[48]	N/A	Data not available*
PRTF	77%	Medicare does not cover this service.	Data not available*
Vision – Ophthalmology	103%	93%	72%
Vision – Optician and Optometrist	108%	83%	Data not available.*

Figure 2.3 compares Wyoming Medicaid rates to other states, Medicare, and commercial payers, based on services with the highest total expenditures in SFY 2023 within each service area.

[47] Wyoming's reimbursement methodology for nursing facilities is cost-based; reimbursement currently covers an estimated 83 percent of nursing facilities' costs when supplemental payments (based on the nursing home assessment program) are included in the cost coverage calculation.
* There is little or no Truven MarketScan 2022 data for this service area
[48] Excluding dispensing fees for drug compounding and hemophilia clotting factor. See Appendix B.1 for more information about prescription drug reimbursement in each state.

Figure 2.3: Comparison of Wyoming Medicaid Rates to Other States, Medicare, and Commercial Payers Using Top Services Based on Expenditures[49]

Service Area	Wyoming 2023 Medicaid Rate as a Percent of Benchmarks		
	Other States' Medicaid Rates	2023 Medicare Rates	Average Commercial Rates in Wyoming (2022)
Ambulance	103%	68%	Data not available.*
ASC	137%	110%	Data not available.*
Behavioral Health[44]	82%	87%	67%
Dental	132%	Medicare does not cover this service.	Data not available.*
Developmental Center	84%	77%	54%
DMEPOS[45]	125%	104%	Data not available.*
Home Health	69%	47%	Data not available.*
Hospice	100%	101%	Data not available.*
Hospital – Inpatient	Wyoming's reimbursement of in-state inpatient services covers approximately 74.0 percent of costs. [50]		
Hospital – Outpatient	The weighted average OPPS conversion factor for Wyoming is $63.38. Montana uses a single conversion factor of $56.14 and Utah follows a 0.8990 reduction of Medicare's OPPS conversion factor.	74%	Reimbursement methodology does not allow for direct comparisons.
Laboratory	116%	117%	107%
Maternity Care	100%	101%	75%

[49] For these comparisons, WDH reviewed the top codes for each service area based on total expenditures in SFY 2023 and compared the 2023 Wyoming Medicaid rates to 2023 Medicare rates and 2023 fee schedules from Colorado, Idaho, Montana, Nebraska, South Dakota, and Utah (if SFY 2023 fee schedules were not available on the States' websites, we used the most recent rates available).
[50] Inpatient costs are calculated using cost-to-charge ratios from hospitals' Medicare cost reports. See Figure 2.5 for additional explanation.
* There is little or no Truven MarketScan 2022 data for this service area

Figure 2.3: Comparison of Wyoming Medicaid Rates to Other States, Medicare, and Commercial Payers Using Top Services Based on Expenditures[49]

Service Area	Wyoming 2023 Medicaid Rate as a Percent of Benchmarks		
	Other States' Medicaid Rates	2023 Medicare Rates	Average Commercial Rates in Wyoming (2022)
Nursing Facility[47]	95%	Data not available*	
Physician and other Practitioner	97%	84%	55%
Primary Care	98%	86%	52%
Physician Specialist	92%	91%	49%
Prescription Drugs	Wyoming's dispensing fee: $10.65 Other states' dispensing fees range from $9.31 to $15.57 depending on various factors.[48]	N/A	Data not available*
PRTF	77%	Medicare does not cover this service.	Data not available*
Vision – Ophthalmology	111%	111%	76%
Vision – Optician and Optometrist	107%	84%	Data not available.*

Key Findings

Key findings from these analyses include:

- Wyoming Medicaid implemented a two-point five percent (2.5%) rate reduction during SFY 2021 (began January 1, 2021) to most provider services because of the Governor's Budget Cuts. Since then, Wyoming Medicaid has for the most part maintained these rates, with only specific services experiencing rate increases, and most remaining stagnant. Based on expenditures, this combined with most surrounding state's increasing rates has generally resulted in a decrease in the Wyoming rate as a percent of other state's rates, an impact that carried from SFY 2022 to SFY 2023, including a decrease for ambulance services from one hundred and seventeen percent (117%) to one hundred and three percent (103%) a decrease for home health services from eighty three percent (83%) to sixty nine percent (69%) and a decrease for primary care services from one hundred and two precent (102%) to ninety-eight percent (98%).
- Based on expenditures there are **several key service areas where Wyoming Medicaid pays lower rates than Medicaid programs in surrounding states including behavioral**

health, developmental center, home health, nursing facilities, physician and other practitioner, primary care, physician specialist, and PRTF. There are a few service areas where Wyoming Medicaid pays higher rates than Medicaid programs in surrounding states, including ambulance, ASC, dental, DMEPOS, laboratory, vision – ophthalmology, and vision – optician and optometrist. Trends for select service areas are examined below. Additional information about Wyoming's and surrounding states' rates and trends are included in Appendix B.1 and Appendix I of this report. Similar trends were previously observed in the SFY 2022 benchmarking analysis.

Key findings by specific service areas include:

- **Ambulatory Surgery Center**: As shown below in Chart 1 and Table 2.4, Wyoming's ASC rates have steadily increased compared to those of surrounding states. **From SFY 2022 to SFY 2023, Wyoming Medicaid rates increased from one hundred and twenty-five percent (125%) to one hundred and thirty-seven percent (137%) as a percentage of other states' rates. Notably, in SFY 2023, Wyoming's ASC rates have exceeded one hundred percent (100%) of Medicare for the first time since SFY 2019, totaling one hundred and ten percent (110%) of Medicare.** Wyoming currently reimburses ASCs using the Wyoming OPPS fee schedule and using a similar methodology to that of general acute care hospital outpatient services in the state while Medicare and many other states reimburses ASC providers via an ASC specific fee schedule, which uses a separate set of service weights and status indicators.

Chart 1. Wyoming ASC Rates as a Percentage of Medicare Rates and Other States' Medicaid Rates (Based on Expenditures)

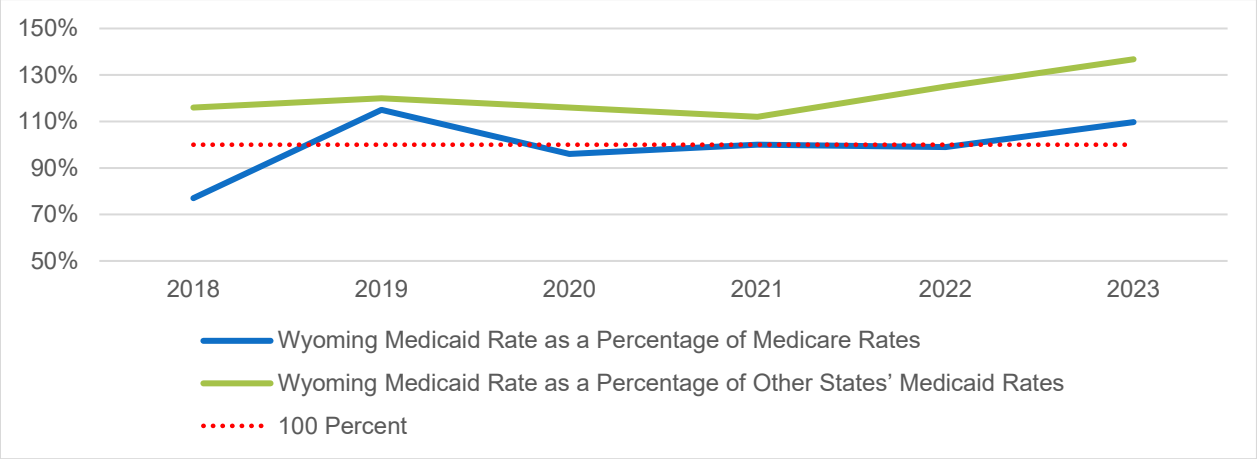


Figure 2.4: Wyoming ASC Rates as a Percentage of Medicare Rates and Other States' Medicaid Rates (Based on Expenditures)

	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023
WDH Rate as a Percentage of Medicare Rates	77%	115%	96%	100%	99%	110%
WDH Rate as a Percentage of Other States' Medicaid Rates	116%	120%	116%	112%	125%	137%

- **Ambulance:** As shown below in Chart 2 and Table 2.5, Wyoming Medicaid rates for ambulance services stand at one hundred and three percent (103%) of other states' Medicaid rates and sixty-eight percent (68%) of Medicare. **Notably, Wyoming's SFY 2023 ambulance rates as a percentage of other states' rates, saw a notable fourteen percent (14%) decline from one hundred and seventeen percent (117%) in SFY 2022.** In contrast, Medicare and surrounding states, including Colorado, Idaho, Montana, Nebraska, and South Dakota have experienced increases in rates for ambulance services in SFY 2023.

Chart 2. Wyoming Ambulance Rates as a Percentage of Medicare Rates and Other States' Medicaid Rates (Based on Expenditures)

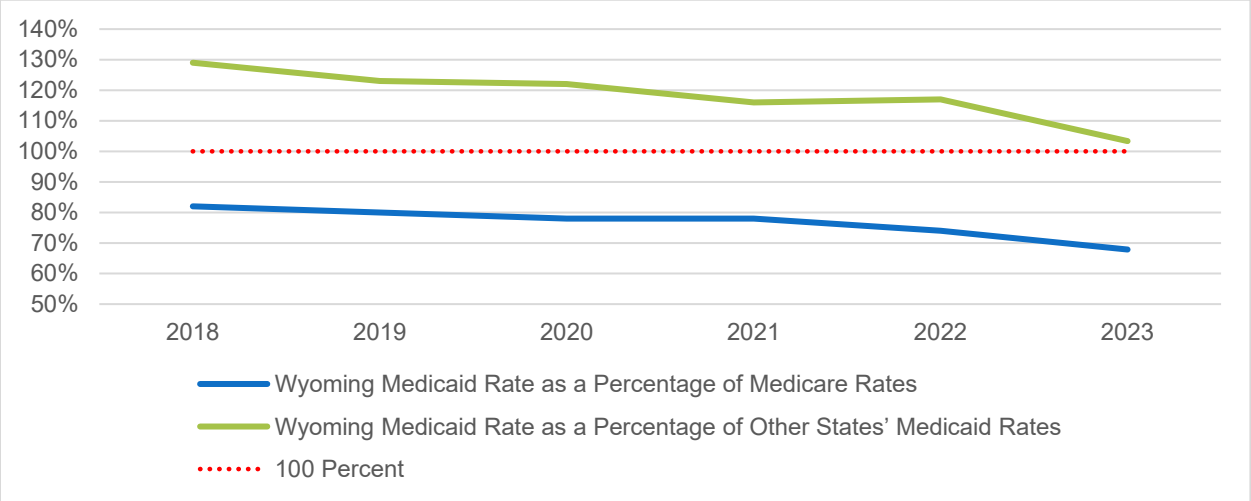


Figure 2.5: Wyoming Ambulance Rates as a Percentage of Medicare Rates and Other States' Medicaid Rates (Based on Expenditures)

	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023
WDH Rate as a Percentage of Medicare Rates	82%	80%	78%	78%	74%	68%
WDH Rate as a Percentage of Other States' Medicaid Rates	129%	123%	122%	116%	117%	103%

- **Behavioral Health:** As shown below in Chart 3 and Table 2.6, based on expenditures, **Wyoming Medicaid rates for behavioral health services decreased as a percentage of Medicare rates and other states rates.** Between SFY 2022 and SFY 2023, Wyoming's Medicaid rate decreased from eighty-seven percent (87%) to eighty-two percent (82%) as compared to other states' rates. In contrast, surrounding states, including Colorado, Montana, Nebraska, and South Dakota have experienced increases in rates for behavioral health services in both SFY 2022 and SFY 2023.

Chart 3. Wyoming Behavioral Health Rates as a Percentage of Medicare Rates and Other States' Medicaid Rates (Based on Expenditures)

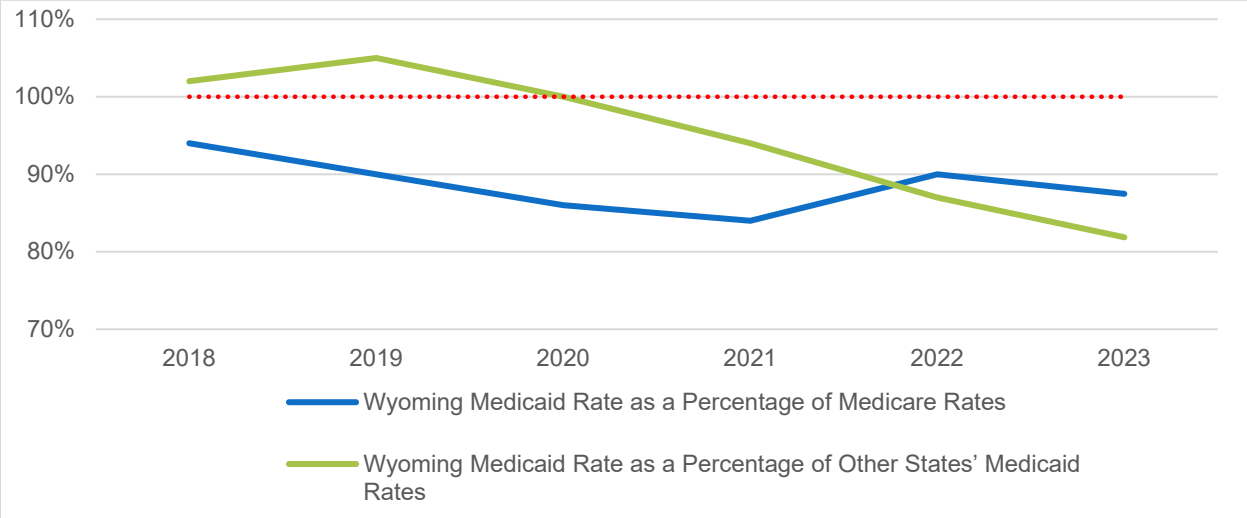


Figure 2.6: Wyoming Behavioral Health Rates as a Percentage of Medicare Rates and Other States' Medicaid Rates (Based on Expenditures)

	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023
WDH Rate as a Percentage of Medicare Rates	94%	90%	86%	84%	90%	87%
WDH Rate as a Percentage of Other States' Medicaid Rates	102%	105%	100%	94%	87%	82%

- **Dental:** Between SFY 2022 to SFY 2023, **Wyoming's dental rates surged significantly, from ninety-six percent (96%) to one hundred and thirty-two percent (132%) of other states' Medicaid rates**. This is the result of Wyoming Medicaid implementing a legislation approved 25-percent increase for all dental codes effective April 1, 2023. Notably, in SFY 2022, Wyoming's dental rates fell below one hundred percent (100%) for the first time in the preceding six-year period, while SFY 2023 marked the highest Wyoming dental rate percentage in the preceding seven-year period.
- **Developmental Center:** Wyoming's developmental center rates have remained near one hundred percent (100%) of other states' rates from SFY 2018 through SFY 2022. **However, SFY 2023 marks the first year where there has been a notable decline, dropping from ninety-seven percent (97%) in SFY 2022 to eighty-four percent (84%) in SFY 2023, representing a sharp thirteen percent (13%) decrease.**
- **Home Health:** Wyoming's home health rates have previously shown stability, averaging eighty-six (86%) of other states' Medicaid rates between SFY 2018 and SFY 2022. **However, this trend shifted in SFY 2023, with a notable decline of fourteen percent (14%), resulting in rates totaling sixty-nine percent (69%) of other states' Medicaid rates, the lowest observed in the past seven years.** In addition, in SFY 2023 Wyoming Medicaid rates in comparison to Medicare rates have remained stable at forty seven percent (47%) in SFY 2023 and forty eight percent (48%) in SFY 2022.
- **Hospital:** From SFY 2022 to SFY 2023, Wyoming **outpatient hospital** OPPS rate remained relatively stable, similar to the trends observed in Montana. **Specifically, Wyoming's outpatient hospital weighted average OPPS conversion factor increased slightly from $63.25 in SFY 2022 to $63.48 in SFY 2023**, **while Montana's single conversion factor increased from $55.89 to $56.14 in SFY 2023.**
- **Laboratory Services**: As shown below in Chart 4 and Table 2.7, Wyoming Medicaid rates for laboratory services increased as a percentage of Medicare rates and other states rates. **From SFY 2022 to SFY 2023, the Wyoming Medicaid rate increased from one hundred sixteen percent (116%) to one hundred and seventeen percent (117%) as a percentage of Medicare's rates.** Wyoming Medicaid reimbursement methodology for independent laboratory services is based on ninety percent (90%) of the 2009 Medicare clinical

laboratory fee schedule (CLFS). CMS introduced an updated CLFS methodology in 2018 and has seen a decrease in Medicare rates.

Chart 4. Wyoming Laboratory Rates as a Percentage of Medicare Rates and Other States' Medicaid Rates (Based on Expenditures)

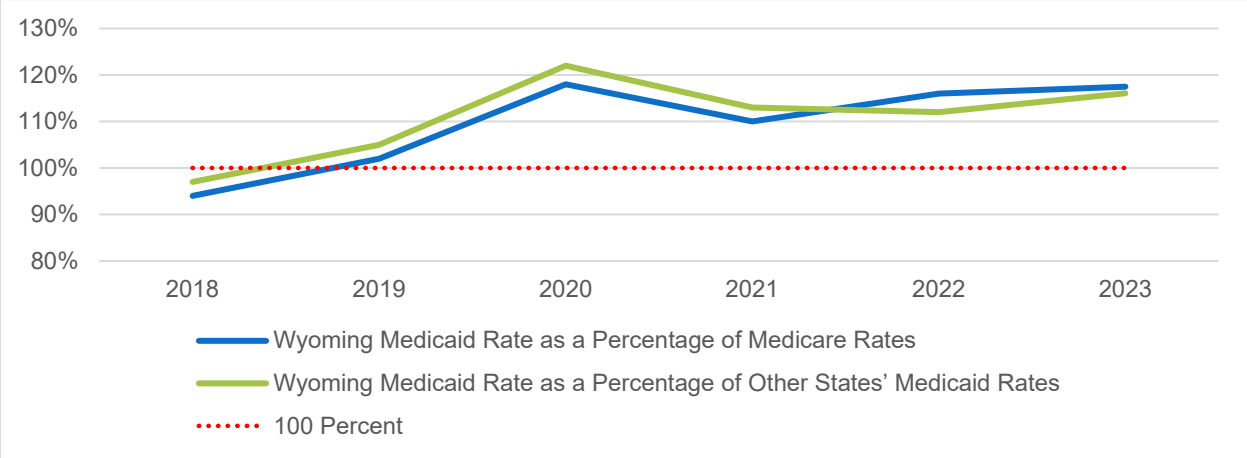


Figure 2.7: Wyoming Laboratory Rates as a Percentage of Medicare Rates and Other States' Medicaid Rates (Based on Expenditures)

	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023
WDH Rate as a Percentage of Medicare Rates	94%	102%	118%	110%	116%	117%
WDH Rate as a Percentage of Other States' Medicaid Rates	97%	105%	122%	113%	112%	116%

- **Nursing Facility:** Rates for nursing facility services have regularly decreased in comparison to other states Medicaid rates. However, in SFY 2022 this trend began to slow. **From SFY 2019 to SFY 2022, Wyoming's nursing facility rate decreased from one hundred and five percent (105%) to ninety-three percent (93%), increasing slightly to ninety-five percent (95%) of other states' rates in SFY 2023.** The average facility rates in surrounding states continue to vary, ranging from $193.52 (SD) to $254.65 (ID).
- **Psychiatric Residential Treatment Services (PRTF)**: As shown below in Chart 5 and Table 2.8, Wyoming Medicaid rates for PRTF services decreased as a percentage of other states rates from SFY 2018 through SFY 2022. After decreasing PRTF rates in SFY 2021 by two-point five percent (2.5%) due to the Governor's budget cuts, Wyoming Medicaid increased SFY 2023 PRTF rates for the first time in 5 years. **From SFY 2022 to SFY 2023, the Wyoming Medicaid rate increased from seventy three percent (73%) to seventy seven percent (77%) as a percentage of other states rates.** Please note, a comparison with Medicare is not possible, as PRTF services are not covered by Medicare.

Chart 5. Wyoming PRTF Rates as a Percentage of Other States' Medicaid Rates (Based on Expenditures)

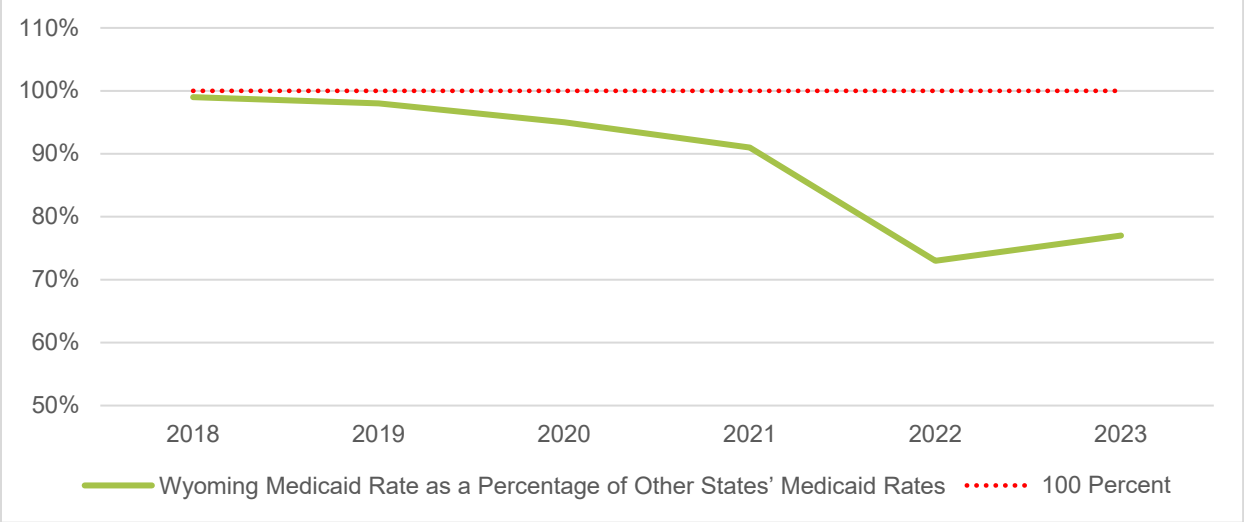


Figure 2.8: Wyoming PRTF Rates as a Percentage of Other States' Medicaid Rates (Based on Expenditures)

	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023
WDH Rate as a Percentage of Other States' Medicaid Rates	99%	98%	95%	91%	73%	77%

- **Physician Services:** In the prior year's benchmarking analysis, Wyoming Medicaid, on average, paid higher rates for physician services than Medicaid programs in surrounding states. In SFY 2023 this remained true for maternity care, having on average higher rates than surrounding states. As shown below in Chart 6 and Table 2.9, **Wyoming Medicaid rates for physician and other practitioner services decreased slightly from ninety-eight percent (98%) to ninety-seven percent (97%) of surrounding states rates.** As shown below in Chart 7 and Table 2.10, Wyoming Medicaid rates for physician specialist decreased from ninety-five percent (94%) to ninety-two percent (92%) of surrounding states rates.

Chart 6. Wyoming Physician and Other Practitioners Rates as a Percentage of Medicare Rates and Other States' Medicaid Rates (Based on Expenditures)

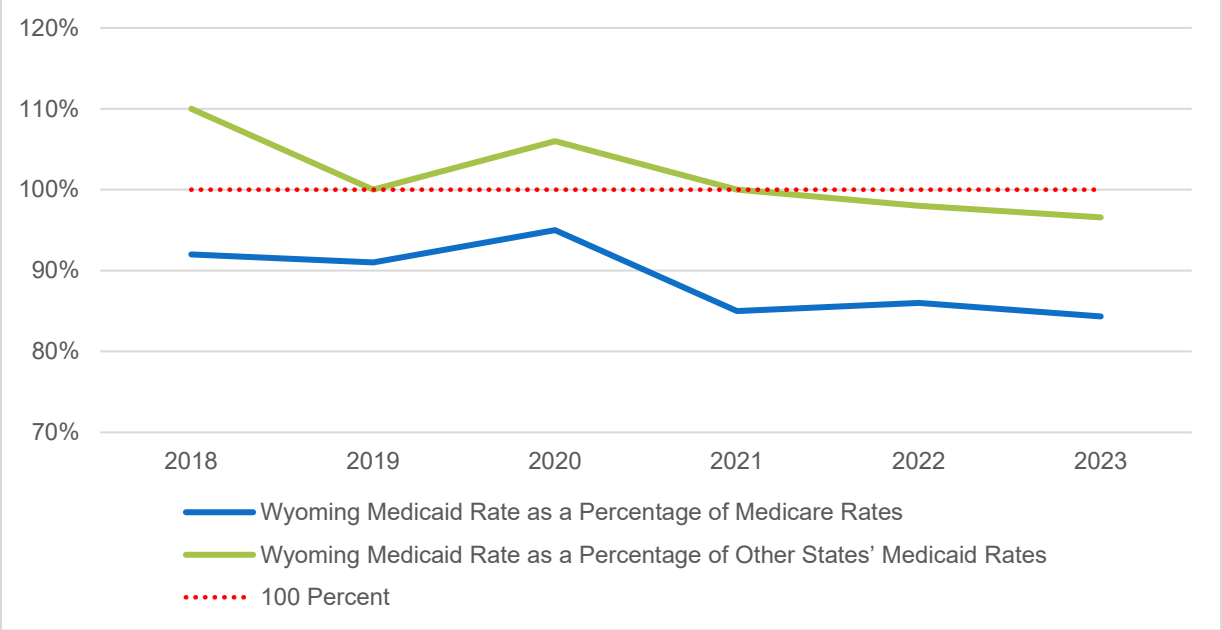


Figure 2.9: Wyoming Physician and Other Practitioners Rates as a Percentage of Medicare Rates and Other States' Medicaid Rates (Based on Expenditures)

	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023
WDH Rate as a Percentage of Medicare Rates	92%	91%	95%	85%	86%	84%
WDH Rate as a Percentage of Other States' Medicaid Rates	110%	100%	106%	100%	98%	97%

Chart 7. Wyoming Physician Specialists Rates as a Percentage of Medicare Rates and Other States' Medicaid Rates (Based on Expenditures)

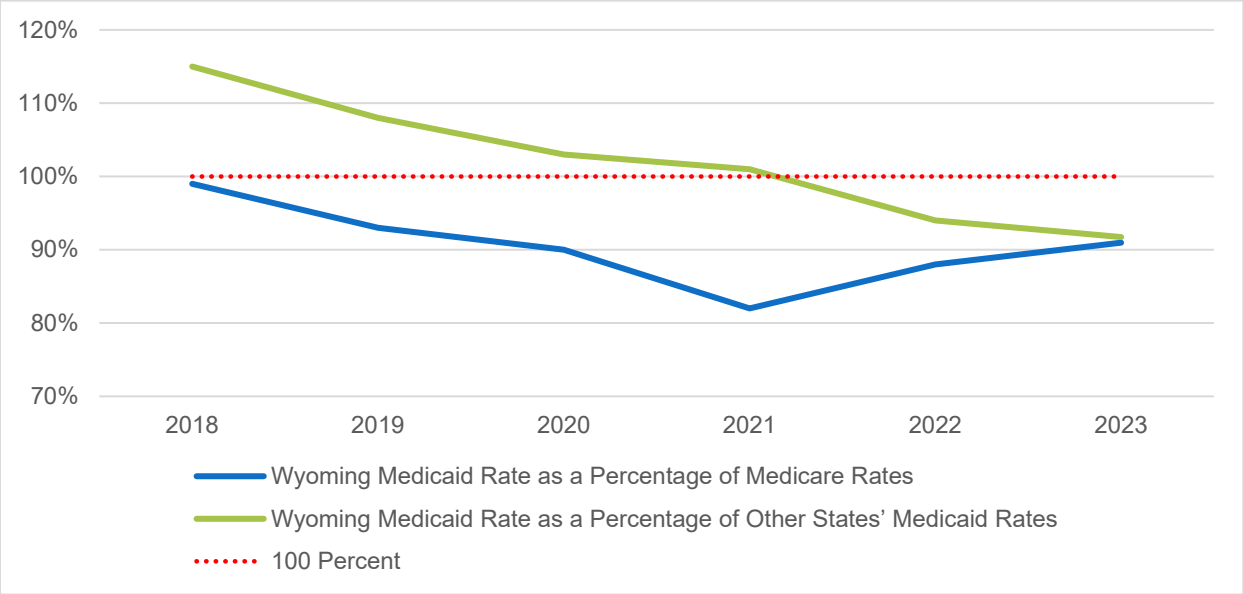


Figure 2.10: Wyoming Physician Specialists Rates as a Percentage of Medicare Rates and Other States' Medicaid Rates (Based on Expenditures)

	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023
WDH Rate as a Percentage of Medicare Rates	100%	93%	90%	82%	88%	91%
WDH Rate as a Percentage of Other States' Medicaid Rates	115%	108%	103%	101%	94%	92%

Hospital Benchmarks

WDH and Guidehouse used data from Wyoming Medicaid's SFY 2023 Qualified Rate Adjustment (QRA) payment analysis, in combination with additional data from out-of-state hospitals, to estimate cost coverage for participating inpatient and outpatient hospitals. Figure 2.12 shows the hospital cost benchmarks for Wyoming's in-state providers in SFY 2023, which represent on average level of hospitals' costs that are covered by Medicaid payments. To estimate the costs for Medicaid cost coverage calculations, WDH applied cost-to-charge ratios and per diems from Medicare hospital cost reports to Wyoming Medicaid paid claims data. These estimated costs are considered a reasonable estimate of the amount Medicare would have paid for the same services. Comparing Wyoming's Medicaid payments to hospitals' cost is useful as cost coverage serves as a benchmark for assessing the reasonableness of a state's Medicaid payments.

Wyoming Medicaid has two hospital supplemental payment programs that improve cost coverage for in-state Wyoming providers: the Wyoming QRA and Private Hospital Assessment supplemental payment programs. Figure 2.11 displays the cost coverage for in-state Wyoming hospitals with and without the inclusion of supplemental payments.

Figure 2.11: Hospital Cost Benchmarks for In-State Hospitals

Hospital Payment Type	Cost Coverage Before QRA and Private Hospital Assessment Payments	Cost Coverage Including QRA and Private Hospital Assessment Payments[51]
Inpatient	74%	103%
Outpatient	42%	104%

Additional information about Wyoming's and surrounding states' supplemental payment programs and DRG based rates are included in Appendices B, C, and J of this report. Information specific to the performance of these supplemental payment programs can be found in Appendix J.

Inpatient Services

Wyoming APR DRG Transition: On May 20, 2019, CMS approved Wyoming's APR DRG payment methodology, which transitioned payments for inpatient services from the LOC based payment methodology effective February 1, 2019. As part of the APR DRG payment transition, WDH and Guidehouse reassessed out-of-state provider participation and cost coverage for Wyoming in-state providers and participating out-of-state providers. Wyoming Medicaid is currently in the process of updating its APR-DRG reimbursement system to reflect updated DRG grouper logic and equitable reimbursement for services. Implementation of new payment parameters occurred on October 1, 2023.

Outpatient Services

Wyoming adopted Medicare's relative weights for its outpatient hospital reimbursement but uses state-specific conversion factors.[52] Wyoming Medicaid uses three conversion factors for outpatient hospitals: critical access hospitals (CAH), children's hospitals, and general hospitals compared to Medicare's single conversion factor. As shown in Figure 2.12, the weighted average of the three conversion factors for CY 2023 was $63.38, compared to Medicare's single conversion factor for 2023 of $85.58.[53] We determined that Wyoming Medicaid's rate is approximately seventy five percent (74%) of Medicare's.

[51] To address any overpayments during the SFY 2022 process, the SFY 2023 supplemental payments were adjusted.
[52] At WDH's initial implementation of the OPPS, the Wyoming outpatient hospital conversion factors were a percentage of Medicare's conversion factor. However, beginning in 2010, Wyoming began updating its conversion factors annually to remain budget neutral and no longer correlates them to Medicare's conversion factor updates.
[53] WDH calculated the weighted average WY conversion factor based on the volume of claims in SFY 2023 for each hospital type.

Figure 2.12: Wyoming Outpatient Hospital Conversion Factors for CY 2023

Type	OPPS Conversion Factor	Percent of 2022 Claims	Weighted Average WY Conversion Factor	Conversion Factor and Payment Rates as Percentage of Medicare
Medicare (CY 2023)	**$85.58**	**N/A**	**N/A**	**N/A**
WY General Hospital (CY 2023)	$46.49	73.54%	$63.38	74%
WY CAH (CY 2023)	$111.80	23.20%		
WY Children's Hospital (CY 2023)	$83.77[54]	3.26%		

Wyoming Medicaid Rates as a Percentage of Medicare Rates

Historically, Wyoming Medicaid had higher benchmarked rates compared to Medicare for several services. Medicaid payments that are higher than Medicare can be troublesome in meeting the federal UPL requirements. This differential rate of change has resulted in Wyoming Medicaid using a higher RBRVS conversion factor for Anesthesia and Non-Anesthesia CPT codes than Medicare. A comparative analysis between Wyoming Medicaid's RVU-based fee schedule and current Medicare RBRVS is currently being conducted in SFY 2024.

While conversion factors for Medicare have changed over the past decade the relative weights that are tied to the Medicare RBRVS system used for physician payments have also been revised multiple times to meet federal policy goals. This has resulted in some Wyoming Medicaid reimbursement CPT procedure codes in the Vision – Ophthalmology category (66984, 66982, 92136, 67228, 67208, and 92083) to have significantly higher payment rates than Medicare. These procedure codes have higher Medicaid RVUs, accounting for higher Medicaid payment rates.

Historically, this was also observed in the Physician and Other Practitioner, Physician Specialist, and Maternity Care service areas. In addition to the Medicaid RVUs, a sampling bias was affecting these services due to the high number of injection pharmaceuticals and anesthesia services included in the top twenty benchmarked codes for utilization. Starting in SFY 2021, WDH and Guidehouse adjusted the sampling methodology to include the top twenty codes excluding injection pharmaceuticals and anesthesia services. For SFY 2023, the Wyoming Medicaid rate as a percentage of Medicare for Physician and Other Practitioner and Primary Care service areas has remained at less than 100 percent while Maternity Care has increased slightly to 101 percent.

[54] The children's hospital OPPS conversion factor only applies to out-of-state providers as there are no children's hospitals in Wyoming.

Based on expenditures, Wyoming Medicaid pays less than Medicare for the majority of service areas, excluding ASC, hospice, maternity care, laboratory, DMEPOS, and vision/ophthalmology services (where Medicaid pays more than Medicare, on average). Based on expenditures, Wyoming Medicaid's rates as a percentage of Medicare's range from forty seven percent (47%) for home health services to one hundred and seventeen percent (117%) for Laboratory services.

Limitations

We are unable to make comparisons for services where reimbursement methodologies vary significantly across payers, payment rates are cost-based and vary by provider, or because comparison rates are not available. Figure 2.13 outlines the services for which we were unable to make comparisons.

While most of Wyoming's Medicaid reimbursement methodologies align with the other Medicaid states within our comparison, there are a few exceptions with coverage:

- Behavioral health – Substance Use Disorder Services: In comparison surrounding Medicaid states Wyoming is the only state that does not cover inpatient detoxification and only Wyoming and Colorado do not cover residential rehabilitation.
- Adult Dental- In Wyoming only preventative and emergency services are covered with no coverage for restorative services for adults. However, five of Wyoming's surrounding states offer limited restorative treatment under their state Medicaid program. Restorative treatment options are covered with limitations on either service, annual cost, or benefit caps to control costs.
- Telehealth – Post PHE, Wyoming has not re-implemented exceptions for the delivery of telehealth services for FQHC, RHC, or IHS providers. States like Colorado and South Dakota allow for alternatives to two-way audio and video delivery. Alternatives include live chat and telephone delivery in Colorado and audio-only delivery for SUD services in South Dakota.

Figure 2.13: Explanation of Benchmarking Limitations

Service Area	Benchmarking Limitations
ESRD	Wyoming Medicaid reimburses on a percentage of billed charges basis; therefore, there are no facility-specific Wyoming Medicaid prospective payment rates to use for comparison to Medicare and other states' prospective payment rates. A new ESRD reimbursement methodology was implemented October 1, 2023, and will be reflected in the SFY 2024 report.
FQHC and RHC	Reimbursement for Medicaid services is a provider-specific per-visit rate based on an analysis of allowable costs.
ICF-ID	Per diem rates are not publicly available for surrounding states.

Service Area	Benchmarking Limitations
Inpatient hospital	Wyoming reimburses for Medicaid services using on an APR-DRG based payment methodology with base rates, policy adjustors, and cost to charge ratios that are unique to the State. This causes comparisons to the inpatient reimbursement rates in other states to be inaccurate as other states reimburse differently. For SFY 2023 we have populated information about each comparison state's inpatient payment methodologies and the Wyoming APR-DRG system in Appendix B.
Outpatient hospital	Comparisons are limited to Medicare and states that also follow the Medicare OPPS system (Montana, South Dakota, and Utah).
Prescription drugs	Variation in reimbursement methodologies do not allow for direct comparisons of drug prices. However, WDH describes the range in dispensing fees in Appendix B.
Supplemental payments	Payments vary according to each state's service delivery system and approve supplemental payment programs and methodologies.
Home and Community Based Services (HCBS) Waivers	Medicare does not cover most HCBS waiver services. Comparisons to surrounding states are limited as waivers vary across states and there are many potential variables in service definition, provider qualifications and reimbursement methodologies between waivers.

Medicare's reimbursement methodologies are identified in Appendix D and methodologies for the services for which we were unable to make rate comparisons are outlined in Appendix B.1. Rates from Medicare, other states and commercial payers are also identified for the top procedures in Appendix B.1, when possible.

Considerations Regarding Rate Adjustments

Wyoming Medicaid rates continue to exceed rates in surrounding states in select service areas including ambulance, ASC, and Laboratory. In SFY 2023, we saw many service areas remain relatively stable in comparison to prior fiscal years comparison of rates in surrounding states, including DMEPOS, laboratory, nursing facility, physician and other practitioner, and physician specialist. There were some notable service areas that experienced large decreases in comparisons with surrounding states, including ambulance, developmental center, and home health. Although ambulance rates still slightly exceed rates in surrounding states, there was a significant decline where Wyoming Medicaid rates for ambulance services stand dropped from one hundred and seventeen percent (117%) to one-hundred and three percent (103%). Most notable was a decrease in developmental center rates as a percentage of surrounding states rates from ninety seven percent (97%) to eighty-four percent (84%) as based on expenditures. Home health rates in comparison to other states have also declined, from eighty-three percent (83%) to sixty-nine percent (69%), widening the gap between Wyoming Medicaid and surrounding states significantly.

Compared to Medicare, Wyoming Medicaid rates are generally lower across most service categories to comply with federal UPL limits, ensuring they do not exceed a reasonable estimate of Medicare payments. Based on expenditures, Wyoming's Medicaid rates as a percentage of Medicare rates were sixty-eight (68%) for ambulance services and eighty-six percent (86%) for primary care services. In contrast, there were several service areas where Wyoming rates exceed Medicare rates. For example, Wyoming Medicaid's rates as a percentage of Medicare rates were one hundred and ten percent (110%) for ASC services.

Wyoming Medicaid addresses the increase in provider costs differently for certain services. For several service areas, including nursing facilities, FQHCs, and RHCs, Wyoming Medicaid updates rates annually using predetermined inflation indices, which are explained in more detail in Appendix E of this report. For other service areas, Wyoming Medicaid does not have a systematic way to address cost increases on a regular basis.

In addition to considering systematic updates to the Wyoming Medicaid fee schedule, there are a number of service areas where adjustments to the underlying reimbursement methodologies may result in better alignment with provider costs or with payments from other payers, such as Medicare.

As WDH considers future rate updates, it will consider – among other factors – how the rate changes support Wyoming Medicaid's priorities of encouraging fair reimbursement to service providers and while increasing/maintaining access for beneficiaries. In developing these recommendations, WDH considered expenditures in each service area, current reimbursement methodologies and the results of the Medicaid, Medicare, and commercial rate comparisons outlined in this report.

Based on the analyses presented in this report, WDH recommends evaluating provider rates in several service areas to determine the need for adjustments and has assigned each service area a priority for further evaluation:

- **High priority**: Service areas for which reimbursement methodologies have not been recently updated, that lack a mechanism for systematic updates, have methodologies or levels that deviate from benchmarks, or where cost data might address payment-related questions. Additionally, high-priority service areas that represent a sizable portion of Medicaid expenditures, or have high, unexplained growth.
- **Low priority**: Service areas with methodologies with ongoing monitoring and maintenance and constitute a small proportion of total Medicaid expenditures.

Figures 2.14 and 2.15 describe high and low priority recommendations.

Figure 2.14: Recommendations for Further Evaluation of Reimbursement Rates and Methodologies – High Priority Services

Service Area	Discussion	Recommendation	Percent of Total Expenditures (SFY 2023)
High Priorities for Evaluation			
Behavioral Health Strategy	WDH does not have a systematic approach to adjusting Wyoming Medicaid behavioral health rates. Wyoming Medicaid recently completed a rate study of community mental health centers (CMHCs) and substance abuse treatment centers (SATCs). WDH also supports the Care Management Entity (CME) program which targets youth with severe behavioral health challenges.	WDH should consider updating its behavioral health fee schedule based on the findings of the rate study to ensure access to care. Additionally, COVID-19 has introduced new service delivery methods, such as the use of telehealth for group therapies. These emerging delivery system reforms will push states to evaluate innovative payment methodologies for behavioral health.	2.8%
Laboratory	WDH currently pays independent laboratory providers on a fee schedule basis at ninety percent (90%) of the 2009 Medicare clinical laboratory fee schedule (CLFS). CMS introduced an updated CLFS methodology in 2018 and updates the CLFS at least every 3 years. As expected, CMS has seen a decrease in overall Medicare payments under the new CLFS methodology and expects this trend to continue.	WDH is currently out of compliance with WY State Plan. According to WY State Plan, Medicaid payment for clinical diagnostic laboratory services provided by a physician, independent laboratory or hospital may not exceed the Medicare fee schedule. However, due to the current Wyoming fee schedule, the Wyoming rate continues to be higher than the Medicare rate. An update will allow WDH to stay current with Medicare's methodology and to maintain Medicaid payments at or below Medicare payments in compliance with UPL requirements. WDH should consider rebasing its laboratory fee schedule for SFY 2024 based on CMS updates to the CLFS methodology.	0.3%

Service Area	Discussion	Recommendation	Percent of Total Expenditures (SFY 2023)
Ambulance	Reimbursement is currently set at 75% of Medicare's 2008 ambulance rates. WDH's rate as a percentage of Medicare's rate has been steadily decreasing over the past few years. This trend continued in SFY 2023 with Wyoming's rates for ambulance services 68 percent (68%) of Medicare's rate.	WDH may consider an ambulance rate study to determine if the current payment methodology and rates should be evaluated to align with Medicare rates more closely.	0.7%
Ambulatory Surgical Centers	WDH currently reimburses ASCs using the Wyoming OPPS fee schedule and using a similar methodology to that of general acute care hospital outpatient services in the state. Medicare reimburses ASC providers via an ASC specific fee schedule, which uses a separate set of service weights and status indicators.	WDH should consider doing a review of all Wyoming ASC payments compared to Medicare ASC weights and status indicators to determine if the Wyoming ASC State Plan should be updated to base Wyoming ASC payments on the Medicare ASC OPPS fee schedule instead of the Medicare Hospital OPPS fee schedule. In the most recently completed SFY 2023 clinic UPL, Guidehouse calculated that Wyoming ASCs were being reimbursed at a level exceeding that of Medicare for the same set of services (Medicaid is paying 110% of what Medicare would pay for the same services). Adjusting the Medicaid OPPS fee schedule used to calculate ASC rates to use Medicare ASC rates instead could prevent future UPL problems for the clinic service category caused by ASCs receiving payments greater than those made by Medicare.	1.0%
Developmental Center	Wyoming developmental center rates have remained near one	WDH should assess the Wyoming Medicaid developmental center	0.2%

Service Area	Discussion	Recommendation	Percent of Total Expenditures (SFY 2023)
	hundred percent (100%) of Medicare from SFY 2018 through SFY 2022. However, SFY 2023 marks the first year where there has been a notable decline, dropping from ninety-seven percent (97%) in SFY 2022 to eighty-four percent (84%) in SFY 2023, representing a sharp thirteen percent (13%) decrease.	rates in comparison to those of peer states. It may be necessary to rebase Wyoming's rates to ensure they prevent reimbursement from lagging behind other states.	
Home Health	Wyoming Medicaid home health rates were previously calculated using the average Medicare home health visit rates in Wyoming using the average Wyoming Wage Index Budget Neutrality. However, Wyoming Medicaid rates for home health services are currently well below the average Medicare rates at forty-seven percent (47%). Notably, Wyoming Medicaid rates decreased to sixty-nine percent (69%) of other states Medicaid rates.	WDH should consider conducting a provider wage and cost study to compare costs to the average Medicare home health visit rates in Wyoming to determine if home health rates should be rebased. Additionally, home health services are also provided to individuals under the Community Choices Waiver (CCW). WDH could conduct a concurrent review of reimbursement rates for state plan services during the next CCW rate rebasing study. This alignment could promote rate equity and standardization where appropriate.	0.08%
Physician and Other Practitioners	There is not a systematic approach to adjusting physician rates in the current RBRVS methodology. Wyoming Medicaid reduced the RBRVS conversation factors in SFY 2017 due to budget cuts, but rates for some services in Wyoming are higher than surrounding states. Updating Wyoming's RVUs and conversion factors will allow for provider payments to better align with new Medicare payment methodologies.	WDH may consider updating the RBRVS RVUs to the most recently available Medicare RVUs and adjusting conversion factors to maintain a budget neutral system. Wyoming currently maintains a set of RVUs that no longer reflect Medicare payment practices – causing certain benchmarked service areas to have higher Wyoming Medicaid reimbursement amounts than Medicare. Updating the Wyoming RVUs and conversion factors will continue to	9.4%

Service Area	Discussion	Recommendation	Percent of Total Expenditures (SFY 2023)
		ensure that Wyoming's RBRVS payment methodology is compliant while Wyoming Medicaid continues to receive high value care for professional service payments.	

Figure 2.15: Recommendations for Further Evaluation of Reimbursement Rates and Methodologies – Low Priority Services

Service Area	Discussion	Recommendation	Percent of Total Expenditures (SFY 2023)
Low Priorities for Evaluation			
Hospital - General	Wyoming Medicaid updated their APR-DRG reimbursement system in October 2023, to reflect updated DRG grouper logic and equitable reimbursement for services.	WDH should continue to update their APR-DRG reimbursement system on an annual basis to reflect changes in best practices. Annual updates allow incremental changes that reduce the accumulated changes over an extended period.	Inpatient:12.6% Outpatient: 5.2%
Maternity	Payment rates for maternity codes are based on the RBRVS using 2013 Medicare RVUs. On average, WDH currently pays more than comparison states for certain maternity services, but almost half of commercial payment rates.	WDH is considering updating the RBRVS RVUs for maternity codes to the most recently available Medicare RVUs and adjusting conversion factors to maintain a budget neutral system. To preserve current funding levels for maternity services, these codes would receive a separate conversion factor distinct from those used by other physician and professional services.	N/A

Service Area	Discussion	Recommendation	Percent of Total Expenditures (SFY 2023)
Prescription Drugs	Prescription drug expenditures have consistently increased year over year. In the past five years prescription drug expenditures have increased year over year. From FY2022 to FY2023 prescription drug expenditures increased 16.4%.	Consider performing an in-depth cost and trend study on prescription drugs to identify the source driving the trend of increased payments and find possible cost saving solutions. Potential alternatives include modifying WDH's formulary list to favor drugs with a lower cost for a comparable clinical efficacy. The identification of the largest utilized and expenditure drugs may lead to formulary management /utilization management changes and pinpoint areas that require further disease management.	14.8%
Long Term Care (Nursing Facilities and HCBS Waivers)	The Comprehensive and Supports Waivers (DD waiver services) and the Community Choices Waivers offer individuals the opportunity to receive home- and community-based services. After an increase in expenditures in SFY 2016, nursing facility expenditures have declined, along with the number of recipients. The CCW program offers an alternative to the nursing home level of care and has seen double digit increases in expenditures and recipients over 5 years. As defined by statute, Wyoming is required to perform a rate study for the DD waiver every 2-4 years. Therefore, Wyoming will want to continually monitor access to, and services delivered by their waiver programs, as they provide a favorable alternative to institutionalized care. WDH completed a rebase study for their Comprehensive and Supports Waivers (DD waiver services) in SFY	For the SFY 2022 benchmarking study, Guidehouse incorporated a review of how neighboring states defined certain services and their corresponding rates. WDH may consider expanding this review to incorporate other services delivered by the DD and CCW waiver programs. The recent rebasing study for CCW services added new units of rates for several services, including skilled nursing services, nursing facilities, case management, and assisted living facilities. These units were added to better reflect how providers are delivering services. As a part of the DD waiver rate study, WDH explored the feasibility of a reimbursement distinction between "agency" and "independent" provider rates. The Wyoming Legislature approved an additional appropriation in its 2023 session to fund enhanced rates for	Nursing Facility: 12.3% Community Choices Waivers: 5.8% Comprehensive Waivers: 18.2% Supports Waivers: 1.6%

Service Area	Discussion	Recommendation	Percent of Total Expenditures (SFY 2023)
	2022 and completed a rate rebasing study of the Community Choices Waiver in SFY 2021. As part of this study, Wyoming added additional rates for services, such as separate RN and LPN rates for skilled nursing services. These additions better reflect how services are being delivered for this waiver. WDH is currently conducting a rate study for the DD waivers, due to be completed by SFY 2025, with plans to rebase Community Choices Waiver rates for SFY 2026.	agency providers, reflecting the higher operating costs and resources needed for agency staff retention. Additionally, because of the COVID-19 Public Health Emergency (PHE) and the subsequent tightening of the State budget, WDH may look to other opportunities that will help reduce costs for their waiver programs. These may include: • Increasing use of telehealth services at a potentially reduced rate compared to in-person services. Implementing value-based payments and paying for services based upon outcomes, quality, or compliance, instead of the volume of services.	