APPENDIX A: METHODOLOGY AND DATA SOURCES

For the Benchmarking analysis, Guidehouse includes supplemental data or additional calculations, as deemed necessary. The following sections provide a description of the calculations and data sources used in the state fiscal year (SFY) 2025 Benchmarking report:

- Data sources and calculations
- Calculations of recipients and expenditures
- Comparisons of benchmarks

Data Sources and Calculations

Inpatient and outpatient hospital service calculations utilize calendar year (CY) 2024 paid claims expenditure data, hospital Medicare cost report data from the Healthcare Cost Report Information System (HCRIS) data released by Centers for Medicare and Medicaid Services (CMS) in November 2025, and Wyoming Medicaid's summary of SFY 2025 federal qualified rate adjustment (QRA) and private hospital supplemental payments.[1]

Inpatient Hospital

Inpatient and outpatient hospital service calculations utilize claims with a last date of service in calendar year (CY) 2024, hospital Medicare cost report data from the Healthcare Cost Report Information System (HCRIS) data released by Centers for Medicare and Medicaid Services (CMS) in November 2025, and Wyoming Medicaid's summary of SFY 2025 federal QRA supplemental payments and private hospital supplemental payments:

- CY 2024 paid inpatient hospital claims with final adjustments, where applicable.[2]
- As-filed cost report data for all in-state providers and participating out-of-state providers.
- Wyoming Medicaid's actual SFY 2025 QRA and private hospital supplemental payments (made to hospitals in SFY 2025).

Note that estimated costs for medical education and capital are included in the inpatient cost calculations. For providers without cost report data, costs are estimated using the average cost-to-charge ratio from other providers with available cost report data.

Outpatient Hospital

To estimate outpatient hospital cost coverage and budget impacts, Guidehouse used the following data from Wyoming Medicaid's SFY 2025 QRA and private hospital supplemental payments calculations, in combination with additional data from out-of-state hospitals:

[1] Due to different extraction dates from the Wyoming Medicaid claim system, inpatient and outpatient hospital payment amounts do not match totals displayed in WDH's SFY 2025 Annual Report.
[2] Never and fully adjusted claims have a claim status of 0 or F.

- CY 2024 paid outpatient hospital claims with final adjustments, where applicable.
- As-filed cost report data for all in-state providers and participating out-of-state providers.
- Wyoming Medicaid's actual SFY 2025 QRA and private hospital supplemental payments (made to hospitals in SFY 2025).

For providers without cost report data, costs are estimated using the average cost-to-charge ratio from other providers with available cost report data.

Benchmarking Analyses

The SFY 2025 Benchmarking Study offers analysis to support decisions about reimbursement levels by comparing Wyoming Medicaid rates to various benchmarks. As part of this evaluation, the Wyoming Department of Health (WDH) reviewed both payment levels and methodologies across service areas. The study compares Wyoming Medicaid rates to those of six neighboring states, Medicare, and average commercial payer rates where available. To conduct these comparisons, the most frequently billed procedure codes and those with the highest total expenditure were identified for each service area with fee-schedule-based reimbursement. From this pool, the top 20 procedure codes by expenditure and by volume (paid units) were selected. For SFY 2025, the study maintained its sampling approach, excluding injection pharmaceuticals and anesthesia services due to the wide variation in reimbursement methodologies across states, Medicare, and commercial payers. For home health and hospice services, top revenue codes were used instead. Reimbursement rates for comparable services in other states and Medicare were then determined. For each code, Wyoming's rate was calculated as a percentage of the benchmark rate by dividing the Wyoming Medicaid rate by the comparison rate. An average percentage was then computed across the top codes. Full comparative analyses with other states and Medicare are provided in Appendix B.

Other Medicaid Programs

WDH performed rate comparisons to fee-for-service Medicaid rates paid in the neighboring states of Colorado, Idaho, Montana, Nebraska, South Dakota, and Utah. To obtain data for this comparison, WDH identified fee schedules and provider communications publicly available on these states' websites.

Medicare

Medicare provides annual rate adjustments for many services, including inpatient and outpatient hospital, skilled nursing facility, and home health based on inflation indices called "market baskets," which measure the prices that providers must pay for the goods and services they purchase to enable them to care for patients. The market basket includes employee wages, equipment, and overhead expenses. Medicare annually updates rates for other service areas using another inflation index – the Consumer Price Index (CPI). Annual Medicare rate adjustments also factor in adjustments to maintain budget neutrality and other volume assumptions for some services, such as physician and outpatient hospital services. Appendix E

contains a summary of health care inflation indices, including an explanation of the CMS Market Basket indices.

WDH compared Wyoming Medicaid rates to Medicare rates using Wyoming-specific Medicare rates where applicable.[3] WDH used the CY 2025 Medicare fee schedules posted on the Medicare website to obtain fee-for-service (FFS) rates for ambulance, durable medical equipment, prosthetic, orthotic and supply (DMEPOS), home health, hospice, laboratory, behavioral health, physician, developmental center, and vision services.[4,5] Additional analyses were needed to determine Medicare rates for home health services in Wyoming: we calculated the average Medicare home health visit rates in Wyoming by identifying the average Wyoming Wage Index Budget Neutrality Factor and the Rural Add-On.

WDH determined the percentage of Wyoming's Medicaid rate to the Medicare rate for each procedure code, where possible. A percentage less than one hundred (100) indicates the Medicaid rate is less than the Medicare rate, while a percentage more than one hundred (100) indicates the Medicaid rate exceeds the Medicare rate. Appendix D describes Medicare's specific reimbursement methodologies for the service areas compared in this report.

Commercial Payers

The WDH compared Wyoming Medicaid rates to average payments using 2024 commercial insurance claims data from Truven MarketScan.[6] For services for which Medicaid reimburses using a fee schedule, we calculated a benchmark using the average allowed amount for the same procedure codes. Truven MarketScan data is constructed from privately insured paid medical and prescription drug claims.[7] The database includes claims from self-insured and fully insured health insurance plans from almost 350 payers nationwide, including commercial insurance companies, Blue Cross and Blue Shield plans and third-party administrators.[8] To perform the analysis, we identified paid claims for services in Wyoming based on patient location of residence. Additionally, we excluded claims that were part of a capitation arrangement. We then calculated average rates for specific sets of CPT / HCPCS and revenue codes by reported provider type and setting.

[3] WDH used Wyoming-specific Medicare fee schedules for the following service areas: ambulance, behavioral health, developmental center, durable medical equipment, prosthetic, orthotic and supply (DMEPOS), laboratory, physician, and vision. Medicare does not produce Wyoming-specific fee schedules for ASC or hospice.
[4] Medicare updates rates on a CY basis while Wyoming Medicaid updates rates on an SFY basis; therefore, we compared Medicare rates from CY 2024 to Wyoming Medicaid rates from SFY 2024.
[5] 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.
[6] Calendar year 2024 was the most recent year of data available. We removed claims with a paid amount of $0 from our analysis.
[7] Truven MarketScan does not include claims for dental or vision services.
[8] *Truven MarketScan Commercial Claims and Encounters Medicare Supplemental – Data Year 2023 Edition*. Truven Health Analytics. Available through subscription.