



Minnesota Department of  
**Human Services**

08 - 0211

## **Health Care**

### **Our Mission**

The Minnesota Department of Human Services, working with many others, helps people meet their basic needs so they can live in dignity and achieve their highest potential.

### **Our Values**

- We focus on people, not programs.
- We provide ladders up and safety nets for the people we serve.
- We work in partnership with others; we cannot do it alone.
- We are accountable for results, first to the people we serve, and ultimately to all Minnesotans.

*We practice these shared values in an ethical environment where integrity, trustworthiness, responsibility, respect, justice, fairness and caring are of paramount importance.*

## **Report to the Legislature**

# **Family Planning Payment Rates**

Laws of Minnesota 2007  
Chapter 139, section 3

**January 2008**

**Cost of completing this report:**

Minnesota Statutes, section 3.197, requires the disclosure of the cost of preparing this report.

Report preparation: approximately \$2000.00

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## **I. Introduction/Overview**

Minnesota Session Laws 2007, Chapter 139, section 3, requires the Commissioner of the Department of Human Services (DHS) to:

- Work with family planning clinics to determine a proposed adjusted medical assistance reimbursement rate or rates for family planning services to adequately cover the cost of covering those services, and
- Report to the legislature, by January 15, 2008, proposed adjusted rates to family planning clinics to adequately cover the cost of providing family planning services.

This report is intended to provide an assessment of current Minnesota Health Care Programs (MHCP) fee-for-service (FFS) payment methodology for family planning agencies; and to propose adjusted rates to adequately cover the cost of providing family planning services in the family planning agencies.

## **II. Definitions**

According to Minnesota Rule part 9505.0280 a family planning service means a family planning supply or health service, including screening, testing, and counseling for sexually transmitted diseases, such as HIV, when provided in conjunction with the voluntary planning of the conception and bearing of children and related to a recipient's condition of fertility.

Family planning supply means a prescribed drug or contraceptive device ordered by a physician or other eligible provider with prescribing authority for treatment of a condition related to a family planning service.

## **III. History of Payment Rate Legislation**

Family planning agencies bill MHCP for professional services, laboratory services, pharmaceuticals, and medical supplies. The federal and/or state mandated fee-for-service base payment methodologies for these services and supplies are as listed.

### **Professional services**

Payment rates for family planning medical and surgical services are based on physician payment rate methodology. Most MHCP professional providers are paid at the same rate as physicians. Physician, for purposes of this report, is defined as a medical doctor (M.D.).

The base payment rate methodology, as mandated by the state legislature, is:

Effective service date October 1, 1992, physician services are paid the lower of:

- Submitted charge; or
- The 50<sup>th</sup> percentile of 1989 charges submitted by providers of the service less a discount

A three percent increase to this base methodology was applied, based on 1999 legislation, effective service date January 1, 2000.

### **Laboratory services**

The payment rate methodology for laboratory services is the lower of:

- Submitted charge; or
- The Medicare rate

DHS is required to not exceed the Medicare maximum allowable for laboratory services.

### **Pharmaceuticals (e.g. contraceptives)**

Pharmaceuticals are paid the lower of:

- Submitted charge;
- Average sales price (ASP) plus six percent; or
- If there is no ASP available, the average wholesale price (AWP) less five percent.

### **Medical supplies**

Medical supplies are paid the lower of:

- Submitted charge;
- The Medicare fee schedule; or
- If Medicare has not established a payment rate for a medical supply, a rate is determined based on varying methodologies such as providers usual and customary charge or manufacturer's suggested retail price or cost, plus or minus a percent calculation.

### **Additional legislation impacting payment rates**

The 2007 legislature increased payment rates for family planning services and supplies, except laboratory services; by 25 percent. In accordance with statute 145.9268 and MHCP benefit and payment policy, provider types who received the 25 percent increase are: Community Health Clinics (CHCs), Public Health Clinics (PHCs), Family Planning Agencies, Federally Qualified Health Centers (FQHC), Rural Health Centers (RHC) and Indian Health Centers (IHS). The 25 percent family planning services and supplies rate increase was effective service date July 1, 2007.

Providers of family planning services who did not receive the 25% increase were physicians, physician assistants (PA) and advanced practice nurses (APN).

The 1989 legislature increased payment rates for all services, except laboratory services, by 20 percent to community and public health clinics. Some family planning providers are eligible to enroll as community health clinics. Community health clinics receive an additional 20 percent over the rate methodology reflected above and in addition to the 25 percent family planning increase. This 20 percent community health clinic rate increase was effective service date July 1, 1989.

### **Federal funding of family planning services**

Family planning services receive 90 percent Federal Financial Participation (FFP) which means that the state portion of financial responsibility is 10 percent of the MHCP allowable.

## **IV. Process**

### **Communication with providers**

On September 21, 2007, DHS staff met with Minnesota Statewide Association for Family Planning (SAFPlan) members. During that meeting, DHS staff, MDH staff and Minnesota SAFPlan members discussed the intent of the legislation in relation to the statute language. DHS staff explained, in detail, MHCP payment methodology and the intent to survey family planning agencies so as to perform a payment-to-charge-to-cost analysis.

Appendix A is the list of organizations present at the September 21, 2007 meeting.

### **Requested data**

On October 7, 2007, DHS staff sent family planning agencies a request for information, in the form of a survey.

Appendix B is the letter and survey sent to family planning agencies.

Appendix C is the list of family planning agencies surveyed.

### **Data respondents**

- Thirty seven family planning agencies received survey materials.
- Six agencies submitted their clinic cost data.
- One family planning agency, representing 26 individual clinics, communicated that they decided to not respond to the data request but to work with all interested parties in determining the legislative response most appropriate in the upcoming session.

### **Data submitted to DHS**

Six family planning agencies surveyed returned the requested data. DHS staff analyzed the data submitted by those six providers. Based on an analysis of respondent comments and 2006 data, DHS found:

- The information provided by the respondents was insufficient and inconclusive to determine actual costs.
- There was no distinguishable pattern/consistency of costs or charges among four of the six agencies.
- Laboratory services represent a large volume of services provided by family planning agencies. Federal regulations limit MHCP payment, for laboratory services, to the Medicare maximum allowable. The DHS fee schedule allowable reflects the Medicare maximum allowable, therefore, federal funding may not be obtained for any additional monies paid for laboratory services

## **V. Conclusion and Recommendation:**

### **Conclusion**

Data submitted by family planning agencies was insufficient and inconclusive to determine actual costs of providing family planning services to MHCP FFS enrollees.

### **Recommendation:**

The Department recommends that the legislature not base family planning provider payments on costs, as cost based payment methodology and payment assurance requires cost reporting and cost analysis. It is questionable whether or not family planning agencies know the actual costs of providing family planning services to MHCP enrollees, as evidenced by the provider data returned to DHS and the absence of data from the majority of surveyed providers.

## Appendix

### Appendix A:

#### **Attendees, and their associated organizations, present at September 21, 2007 SAFPlan meeting:**

Minnesota SAFPlan is a coalition of providers, advocacy organizations and individuals committed to assuring that a full range of affordable family planning services are available and accessible to women, men and families throughout the state of Minnesota.

Face-to-Face Health and Counseling Service, Inc.

Family Tree Clinic

Midwest Health Center for Women

Minnesota Department of Health

Minnesota Department of Human Services

Minnesota Organization on Adolescent Pregnancy Prevention and Parenting (MOAPPP) -

Neighborhood Involvement Program

Rum River Health Services

SAFPlan

Women's Health Center

**Appendix B: Survey**



**Memo**

Minnesota Department of **Human Services**

**Date: 10/10/07**

**To: Family Planning Agencies, Minnesota Health Care Programs**

**From: Diane Mueller**  
**651-431-2498**  
**[diane.mueller@state.mn.us](mailto:diane.mueller@state.mn.us)**

**Subject: 2007 Legislation: Family Planning Reimbursement Rates**

The 2007 legislation included the following language: The commissioner of human services shall work with family planning agencies to determine a proposed adjusted medical assistance reimbursement rate or rates for family planning services to adequately cover the cost of covering those services. The commissioner shall report to the legislature the proposed adjusted rates by January 15, 2008.

In order to comply with this legislation the Department of Human Services will need information from the family planning agencies as requested on the attached sheets. Please return the completed information by November 12<sup>th</sup> to: Diane Mueller, Health Services and Medical Management Division, Minnesota Department of Human Services, P.O. Box 64984, St. Paul, MN 55164-0984.

If you prefer to have the document in an electronic format please let me know by email (listed above). If you have questions you can email or call me.



**Agency name:** \_\_\_\_\_

Name of respondent: \_\_\_\_\_ Date completed: \_\_\_\_\_

Email address of respondent: \_\_\_\_\_

Telephone number DHS staff may call with questions regarding data: \_\_\_\_\_

Does your agency have more than one location? \_\_\_\_\_

a. If so, does each location have a separate provider number? \_\_\_\_\_

b. Please provide a list of individual provider (agency – not clinician) numbers and clinic locations by address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

c. If each location does not have a separate provider number, how do you bill MA for each location?

\_\_\_\_\_  
\_\_\_\_\_

Please provide:

- 1) A copy of your agency financial statements (if additional or different financial statements are used for such things as fund raising, we will also need those).
- 2) The information requested on attached tables for 2005, 2006 and 2007.

Definitions:

Unduplicated patients – Each person who is a patient at your clinic is counted once for the reporting year regardless of the number of times the patient was seen during the year.

Number of occurrences – Using CPT code 99212 as an example, list the total number of 99212 visits that were provided in the reporting year. If the same patient had four 99212 office visits each of the four visits would be added to the total number of occurrences for that code.

Definition for usual and customary charge – The charge of the provider to the type of payer, other than recipients or persons eligible for payment on a sliding fee schedule, that constitutes the largest share of the provider's business. "Payer" means a third party or persons who pay for health services by cash, check or charge account.

Cost per unit of service/supply – What does it cost your agency to provide a particular service? This amount will generally be different than your usual and customary charge. For a visit the cost will include building expenses, clinician time, supplies etc. For drugs like oral contraception the cost will include what you pay for the drug plus any expenses involved with handling and dispensing.



### 2006 DATA

Calendar Year Data

Fiscal Year Data

Procedure Code	Procedure Code Modifier	Total number of unduplicated patients  (Includes commercial, Medicaid, Medicare, self-pay)	Total number of unduplicated Medicaid patients	Total number of occurrences	Total number of Medicaid occurrences	Usual and Customary charge per unit of service/supply	Cost per unit of service/supply
<b>Total</b>							



**Appendix C: Survey sent to the following family planning providers**

Annex Teen Clinic  
Bemidji State University Student Health  
Northland Family Programs,  
Options in Reproductive Care  
Otter Tail-Wadena Community Action  
Outlook Health Services  
Planned Parenthood – 26 locations  
Red River Womens Clinic  
SEMCAC  
Southwestern MN Opportunity Council  
Valley Family Planning and Health Education  
West Suburban Teen Clinic