

Title: Physician Administered Drug Payment Methodology (PAD)

Issuance Date: June 2, 2023

(Must be reviewed annually)

Applicable Regulations, Guidelines, and AHS Policy:

Federal statute or rule:

CMS Federal Register

State Plan:

Vermont State Plan 4.19-B

Purpose:

Conduct an annual review to update reimbursement rates for the Physician Administered Drug (PAD) fee schedule that is aligned with Agency budgetary appropriations. Updating fee schedules at regular intervals enables DVHA to be a reliable and predictable payer of health care services.

Procedure:

1. DVHA Reimbursement Unit (RU) initiates the annual PAD fee schedule update by completing the following tasks:
 - a. Identifies most recently available Medicare Drug fee schedule file.
 - b. Reviews Medicare file to determine if rates are available for VT Medicaid covered services that previously did not have a Medicare rate.
 - c. Reviews codes currently reimbursed a percentage of billed charges to determine if a set rate can be established.
 - d. Prepares rate model layout with each reimbursement methodology within the PAD fee schedule separated on different tabs in the spreadsheet.
 - e. Identifies modeling scenarios.
2. DVHA RU sends the rate model layout and modeling scenarios to an outside consultant. The consultant creates a rate model using claims utilization data, the Medicare fee schedule file identified by DVHA RU and the specific modeling scenarios.
3. DVHA RU performs a quality assurance review to ensure the rate model drafted by the outside consultant is accurate.

4. DVHA Director of Managed Care Operations reviews the rate model scenarios to determine which option is best aligned with the Agency’s budgetary appropriations.
5. DVHA RU initiates the Policy, Budget, and Reimbursement (PBR) process outlining the fiscal impact associated with the change and any changes to reimbursement methodologies or policies.
6. Once the PBR is approved, DVHA RU assists in drafting updates to the State Plan and the Global Commitment Register (GCR) notification which is used for provider review and feedback.
7. DVHA RU prepares the final rate update file and performs a quality assurance review to ensure the file is without error.
8. DVHA RU sends the final PAD fee schedule update to DVHA’s fiscal agent to implement the rate changes in the MMIS.
9. Once the rate updates have been entered in the MMIS, DVHA RU performs a quality assurance review to ensure the rate information is accurate.

Revision History:

Date	Summary of Revisions
12/11/19	Draft
12/16/19	Review, convert to updated template.
3/11/2022	OMU review, updated to ADA template.
05/16/2023	Updated Purpose and Procedure.

Table 1 Revision History