

KOEHLER FITZGERALD

| REFERENCE-BASED PRICING NEWSLETTER |

Koehler Fitzgerald

Koehler Fitzgerald LLC provides highly specialized legal services to TPAs, HCSPs and Plan Sponsors offering reference-based medical plans.

Central to those services are the defense of balance billing claims, from provider billing to jury trial, utilizing the firm's highly rated trial lawyers, nationally recognized experts and affiliated local counsel throughout the U.S.

Koehler Fitzgerald's multilingual services are supported by the use of a proprietary and customized database to track and support group calendaring, task management, contact management, conflicts checking, integrated document assembly and customized weekly reports of the status of claims and activity.

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Medicaid, A Few Facts

The Medicaid website describes the program as a program which "provides health coverage to millions of Americans, including low-income adults, children, pregnant women, elderly adults and people with disabilities. The program is administered by states, according to federal requirements. The program is funded jointly by states and the federal government." The federal contribution is referred to as the Federal Medical Assistance Percentage (FMAP). The FMAP varies from state to state, based upon each state's per capita income. The FMAP may not exceed 82%, generally ranges from 50% in wealthier states to 75% in poorer states, and averages 57%.

According to the Centers for Medicare and Medicaid Services (CMS), 72.3 million Americans are covered by Medicaid. 28.2 million are children, 15.7 million are adults, 12.0 million are expansion adults, 10.6 million are blind or disabled, and 5.8 million are aged. (By comparison, 57.7 million Americans are covered by Medicare.) Approximately 70% of Medicaid enrollees are provided care via managed care delivery systems; payments are monthly capitation rates.

CMS reports total federal Medicaid spending in 2016 of





California's Balance Billing Act

California and 20 other states have adopted balance billing legislation.

Effective July 1, 2017, California AB 72 requires that a health care service plan contract or health insurance policy issued, amended or renewed after the effective date must provide that if an enrollee or insured receives covered services from a contracting health facility, and if the enrollee or insured receives covered services by a non-contracting health professional, then the patient is required to pay the non-contracting professional only "the same cost sharing required if the services were provided by a contracting individual health professional, ... referred to as the 'in-network cost sharing amount.'"

Existing California law had addressed emergency care eliminating the need for prior authorization and limiting cost sharing to in-network cost sharing equivalents.

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\$368.3 billion (comparable Medicare benefits were \$683.6 billion). For fiscal year 2013, CMS reports Medicaid expenditures of \$361.3 billion and provides a breakdown by type of service. Capitation was the largest component at \$251.0 billion, followed by nursing facilities at \$46.5 billion, inpatient hospital at \$30.6 billion, prescription drugs at \$18.6 billion, outpatient hospital and clinics each at \$12.1 billion, ICF-IID at \$ 11.6 billion, personal care at \$11.5 billion, physicians at \$10.0 billion, and home health at \$6.3 billion. Other services totaled \$61.8 billion.

According to a July 2014 report by The Pew Charitable Trusts and the John D. and Catherine T. MacArthur Foundation entitled "State Health Care Spending on Medicaid" (the Pew Study), "[t]he federal contribution to the Medicaid program is the states' largest source of federal revenue and therefore plays a complicated role in state budgets because cutting state Medicaid spending triggers decreases in federal revenue to states on at least a dollar-to-dollar basis." Because states have been free to make individual policy decisions on Medicaid benefits and eligibility rules, increases in Medicaid spending have varied materially from state to state. The Pew Study reports that the range in Medicaid spending growth from 2000 to 2012 was between 1% and 9% annually, with an average of 4.1%. On an inflation adjusted basis, total Medicaid spending grew 63% during that same period.

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