Annual Medicaid Increase for Providers

The 2021 Legislature allocated $2.7M to fund an objective, third-party Medicaid provider rate study for the Governor and DPHHS. The study found that Medicaid providers were paid between 10%-25% below the cost of delivering care and were unable to compete for a workforce. To avoid requiring future expensive provider rate studies, Montana needs to commit to increasing rates by PPI (Producer Price Index) annually to ensure a competitive behavioral health system.

Physicians in Montana already receive a Medicaid increase every year by statute.
53-6-125. Physician services reimbursement. (1) The fee for a covered service provided by a physician under the Medicaid program is determined by multiplying the conversion factor times the relative value unit for that service times any applicable policy adjusters.
(2)   (a) For fiscal years 2018 and 2019, the conversion factor must be increased, at a minimum, by the same numerical inflation factor calculated in accordance with 20-9-326.
(b)   For each subsequent fiscal year, the conversion factor must be increased, at a minimum, by the same percentage increase as the consumer price index for medical care for the previous year, as calculated by the bureau of labor statistics of the United States department of labor.

FOLLOW THESE TALKING POINTS IN REFERENCE TO THE MEDICAID PROVIDER ANNUAL INCREASE
- Behavioral Health Medicaid safety net providers are primarily reimbursed by Medicaid, i.e.,80%-95% Medicaid payor mix.
- Medicaid reimburses below the cost of delivering the care as the Governor's Medicaid Provider Rate Study has shown.
- Montana has spent $2.7M on a Medicaid Provider Rate Study. To prevent future high expenditures, the state needs to enact the recommendations of the rate study to review provider costs and increase reimbursement routinely.
- Behavioral Health providers who serve the Medicaid population are unable to cost-shift from commercial insurers as medical providers can to cover the losses by Medicaid reimbursement.