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January 17, 2020

RE: AN ACT to amend the social services law, in relation to coverage and billing procedures in the Medicaid program for complex rehabilitation technology for patients with complex medical needs

A9003 (Steck)

MEMORANDUM IN OPPOSITION

Submitted on behalf of the Blue Cross and Blue Shield Plans

The Blue Cross and Blue Shield Plans of New York oppose enactment of this Bill, which would increase Medicaid reimbursement for individually configured, complex rehabilitation technologies (CRT) and dramatically expand coverage for these devices under Medicaid and Medicaid Managed Care. The goal of this Bill is to increase reimbursement under the Medicaid program for individually configured devices and requires the payment of such reimbursement rates under the managed care program. This Bill would require premium rates for managed care organizations to be increased in order to assure the actuarial soundness of rates and account for the increased costs that must be paid for devices as a result of this Bill.

As explained below, the coverage changes sought by this Bill extend far beyond existing Federal coverage guidelines for rehabilitative equipment, questioning the need for increased costs due to the "customized" nature of these products. Furthermore, it will restrict the ability of the State to manage the Medicaid program, as it requires New York to immediately incorporate new billing codes created at the federal level for CRT by Medicare for use under New York's Medicaid program. As proponents of the Bill are making a nationwide push to create separate billing codes under Medicare for CRT, this Bill will ultimately increase costs incurred by the State and require adjustments for managed care premiums if changes are made to the Medicare program.

In the absence of a premium increase for managed care plans, this Bill would negatively impact the financial viability of many managed care plans. In authorizing DOH to set a "benchmark" rate that managed care plans would be required to pay for a particular Medicaid service or product indefinitely, this Bill will undoubtedly increase the reimbursement rate for these products and require managed care plans to bear this cost. More importantly, this language deviates from previous Department practice in relation to setting benchmark rates for products or services under Medicaid Managed Care. In instances where the Department has set the FFS rate as the benchmark rate for a new product or service being carved-in to managed care, it has always been accompanied with an expiration date for the purpose of encouraging plans and providers to negotiate an appropriate reimbursement rate. By not containing an expiration date on the use of the benchmark rate, this Bill provides no incentive to suppliers to contract at a lower rate with managed care plans.

For all the foregoing reasons, we oppose enactment of this Bill.

Respectfully submitted,

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Legislative Counsel for the Blue Cross and Blue Shield Plans