



**UTAH DEPARTMENT
OF HEALTH &
HUMAN SERVICES**
*Office of Reimbursement,
Coordinated Care &
Audit*

**Medicaid Reimbursement Rate Comparative
Analysis – Anesthesiology Rates**

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Anesthesiology Services Executive Summary

Anesthesiology services are services that prevent patients from feeling pain during medical or dental procedures, such as surgeries, tissue sample removal, and screening and diagnostic tests. Anesthesiology services can be provided through various methods, including inhalation, intravenous, injection, catheter, or topical location or spray. Utah Medicaid reimburses Anesthesiology services using base units and time units assigned to each anesthesiology Current Procedural Terminology (CPT) code, multiplied by a conversion factor.

The anesthesiology services rate study compares Utah Medicaid reimbursement rates to Medicare reimbursement rates and reimbursement rates from other state Medicaid programs. Table 1 provides a high-level summary of the anesthesiology services rate study. Due to the volume of anesthesia procedure codes, we grouped the procedure codes into four service categories to facilitate meaningful comparisons. The anesthesiology service categories are noted in Table 1. We expand upon the details of these figures in the following sections of our report.

Table 1. Summary of Anesthesiology Services Rate Comparison

Procedure Code Range	Anesthesia Service Category	Utah Medicaid Rate	Medicare Comparison		Other State Comparison	
			Medicare Rate	Utah as % of Medicare Rate	Average of Other State Medicaid Rates	Utah as % of Other State Medicaid Rates
00100-00580, 01610-01680	Head, Neck & Chest	\$202.96	\$172.70	118%	\$201.93	101%
00600-00952, 01710-01860	Upper Body	\$150.37	\$125.45	120%	\$147.03	102%
01112-01522	Lower Body	\$131.19	\$111.23	118%	\$130.35	101%
01916-01999	Other	\$121.81	\$103.28	118%	\$120.63	101%
Overall Averages		\$160.73	\$135.62	119%	\$158.77	101%

- The Utah Department of Health and Human Services (DHHS) last received legislative appropriation to increase anesthesiology rates effective July 1, 2015. The inflation from the appropriation to December 31, 2024 (midpoint of SFY 2025) is 31.7%. Inflation was calculated using the Medicare Economic Index (MEI) published by the Centers for Medicare and Medicaid Services (CMS) and obtained from: <https://www.cms.gov/data-research/statistics-trends-and-reports/medicare-program-rates-statistics/market-basket-data>.
- The Medicare fee schedules rates were obtained from the January 2024 Medicare physician fee schedule published at: <https://www.cms.gov/medicare/payment/fee-schedules/physician/pfs-relative-value-files>.



- This table uses the average of the rates for comparable services provided in the surrounding states of Arizona, Colorado, Nevada, and New Mexico, plus Kentucky and Montana. Kentucky was selected due to the availability of rates to the research team. Montana was selected due to proximity to Utah. Idaho and Wyoming were also researched but are not included due to the lack of publicly-available rate information.

Based on the rate research, Utah Medicaid reimbursement for anesthesiology services is, on average, greater than Medicare reimbursement and the average reimbursement levels of the other states in the study. Utah Medicaid reimbursement rates are on average 119% of Medicare and 101% of the rates of the other states in the study.



Background

The Utah Department of Health and Human Services (DHHS), Office of Reimbursement, Coordinated Care and Audit engaged Myers and Stauffer LC (Myers and Stauffer) to review and compare Utah Medicaid reimbursement rates to certain reimbursement benchmarks, including Medicare reimbursement rates, reimbursement rates from other state Medicaid programs, or cost coverage based on provider costs of services (if available). As part of this project we have issued a series of separate reports by service category. This report provides the results for anesthesiology services. This report is accompanied by an Excel workbook titled *Utah Rate Study 2024 - Anesthesiology Services Exhibits* containing rate comparisons for the services analyzed.

For anesthesiology services, we compared rates by CPT code for 272 anesthesiology codes published in the Utah Medicaid fee schedule. Myers and Stauffer relied on the Utah Medicaid fee schedule and the most recent publicly-available information regarding fee schedules from Medicare and the sample of other states.

Data Sources

Utah Medicaid Rate Data

The Utah Medicaid fee schedule rates in effect at July 1, 2024 were obtained for each CPT code. Utah fee schedules are posted at the following website:

<https://health.utah.gov/stplan/lookup/CoverageLookup.php>.

Inflation

The inflation rate is calculated from the last legislative appropriations change, July 1, 2015, to December 31, 2024 (the midpoint of SFY 2025), using the Medicare Economic Index (MEI) published by the Centers for Medicare and Medicaid Services (CMS) at: <https://www.cms.gov/data-research/statistics-trends-and-reports/medicare-program-rates-statistics/market-basket-data>.

Cost Data

The cost of services is not available because anesthesiology services providers are not required to report costs to either the Medicare program or to most states. Therefore, cost coverage is not included in this analysis and report.

Medicare Rates

The Medicare fee schedule rates were obtained from the January 2024 Medicare physician fee schedule published at: <https://www.cms.gov/medicare/payment/fee-schedules/physician/pfs-relative-value-files>. Medicare rates are geographically adjusted for Utah.

Surrounding States

The comparative analysis compares Utah Medicaid rates for the selected CPT codes to the reimbursement rates from six other states (Arizona, Colorado, Kentucky, Montana, Nevada, and New Mexico). Arizona, Colorado, Montana, Nevada, and New Mexico were chosen based on their proximity to Utah. Kentucky rates were used due to availability to the research team. Idaho and Wyoming were also researched but are not included due to the lack of publicly-available rate information. Other state Medicaid rates are from published fee schedules obtained in November 2024.



Reimbursement Rate Comparisons

The anesthesiology services rate comparisons are summarized in this section. These rate comparisons serve as points of reference only, providing the opportunity to identify those service categories where Utah Medicaid rates appear high or low when compared to the rates paid by Medicare and the comparison Medicaid states, where rates appear high or low as compared to rates for services in other service categories, or where rates within a service category vary significantly from one another.

The comparison of Utah rates to Medicare, inflation using the MEI since the last rate change, and a sample of other states is not intended to suggest a desired fee schedule amount or level of reimbursement. Health care payers, including Medicare and state Medicaid agencies, differ in how they determine benefits and define services, the limitations they place on services, who is eligible for the services, who the providers are that deliver the services, and numerous other factors that affect reimbursement methodologies and fees.

State legislation determines Medicaid agency budgets based on state revenues. Appropriations are authorized by the legislature and provide agencies with authority to expend funds. Therefore, state agencies are limited in amounts for reimbursement rates based on state budgets. In addition, the federal government's share of a state's expenditures through the Federal Medical Assistance Percentage (FMAP) varies by state and provides differing levels of federal support across states. Of the states included in the research sample, the highest FMAP rate for federal fiscal year 2025 is 71.68 percent for New Mexico, and the lowest is 50.00 percent for Colorado (the FMAP for Utah is 64.36 percent). Factors relating to state budgetary levels and federal financial assistance are not considered in this analysis.

It is important to consider the following limitations when comparing reimbursement rates:

- A comparison of fee schedule reimbursement rates may not provide a complete representation of reimbursement levels between Utah Medicaid, the Medicare program, and the other states in the research sample.
- Government payers maintain more detailed information about fee schedules and underlying payment policies that may not be reflected in the information obtained from published fee schedules.
- Methodologies that Medicare and state Medicaid programs use, and the resulting rates, are specific to their overall policies and economic environment, and it is important to understand there are policy decisions and unpublished context underlying the rate values. For example, a comparatively high or low Utah Medicaid rate when compared to other states may signify a rate that is updated more frequently by Utah Medicaid than the other states.



- Payment policies are often designed to address specific policy initiatives, so a Utah rate that appears higher than the comparison rate may result from a particular policy initiative designed to encourage access to or use of a particular service. Alternatively, a Utah rate that appears lower than the comparison rate may result because other states may have made targeted increases for specific services.
- The rate comparisons presented in this report did not include a comparison of underlying rate assumptions for rates from other payers or an analysis of broader economic factors, as doing so would have been outside the scope of this project.
- The rate comparison serves to identify where Utah Medicaid rates fall in comparison to rates from a selection of other government payers.
- Differences in rate levels may not always be meaningful; they could be due to limited sample sizes, and/or differences in payment methodologies, and/or services covered. Additional research may be necessary to understand these variations.
- The rate comparison was limited in scope to comparing reimbursement rates. The comparison study and this report make no conclusions regarding the sufficiency of Utah Medicaid reimbursement rates, or recommendations that Utah Medicaid take any specific action. Information is presented for comparison purposes only.

Myers and Stauffer reviewed 272 anesthesiology codes published in the Utah Medicaid fee schedule and compared them to rates for the Medicare program and rates for sample of other state Medicaid programs. As noted above, due to the volume of anesthesia procedure codes, we grouped the procedure codes into four service categories – Head, Neck, & Chest; Upper Body; Lower Body; Other – to facilitate meaningful comparisons.

For Medicare, Utah Medicaid, and the comparison states, payment for anesthesia services is determined by adding base units to time units and multiplying by a payer-specific conversion factor. The formula is:

$$\text{Base units} + \text{time (in units)} \times \text{conversion factor} = \text{anesthesia fee amount}$$

Medicare conversion factors are defined by CMS, and state Medicaid conversion factors are determined by each state. For Medicare and the comparison states, time units are computed by dividing the reported anesthesia time by 15 minutes (e.g., 20 minutes / 15 minutes = 1.33 units). Utah Medicaid reports time units by dividing the reported anesthesia time by 12 minutes (i.e., 20 minutes / 12 minutes = 1.66 units).

Base units for the Medicare program are assigned to anesthesia CPT codes by CMS. State Medicaid agencies, including Utah, use Medicare's base units with a small number of exceptions. These differences can be seen in the accompanying Microsoft Excel exhibits.



The American Society of Anesthesiologists and some state Medicaid agencies set strict guidelines for obstetrical anesthesia, including limitations on covered units of service. Under Utah Medicaid policy, obstetrical anesthesia receives a reduction in the unit value after the first hour of anesthesia time. During the second hour of anesthesia, the unit value is reduced by 50 percent, and during the third and each succeeding hour of anesthesia, the unit value is reduced by 75 percent. In Colorado, claims for more than 120 minutes (eight or more time units) of direct member contact epidural time require a copy of the anesthesia record. Montana Medicaid has two obstetric anesthesia procedure codes, and Nevada Medicaid lists five obstetric anesthesia procedure codes, that are reimbursed by an occurrence-based rate. Providers are instructed to bill these codes as an occurrence-based service – one unit for the occurrence and no time-based units.

We calculated two comparisons, Medicare and the average of other states, to compare to Utah Medicaid. This information made it possible to quantify how Utah Medicaid rates across services compare by calculating the Utah Medicaid rate as a percent of the comparison rates. For each comparison, we compare two data points – the base units and the base rate (base units times the applicable conversion factor). We did not include time units because there is not an average time per code.

Comparisons to Medicare

The first comparison is the Medicare rate information (base units and Medicare base rate). As shown in Table 2, Utah Medicaid base units by anesthesiology service category are similar to the base units for Medicare because Utah Medicaid primarily uses the same base units as Medicare.

Table 2. Anesthesia Services Base Units Comparison to Medicare

Service Category	Procedure Codes	Average Utah Medicaid Base Units	Medicare Comparison	
			Average Medicare Base Units	Utah as % of Medicare Base Units
Head, Neck & Chest	00100-00580, 01610-01680	8.55	8.58	100%
Upper Body	00600-00952, 01710-01860	6.34	6.24	102%
Lower Body	01112-01522	5.53	5.53	100%
Other	01916-01999	5.13	5.13	100%
Overall Average		6.77	6.74	100%

As shown in Table 3, Utah Medicaid base rates are an average of 119 percent of the Medicare rates for Utah. At the service category level, the highest rate is 120 percent of the Medicare rate, and the lowest rate is 118 percent of the Medicare rate.



Table 3. Anesthesia Services Base Rates Comparison to Medicare

Service Category	Procedure Codes	Average Utah Medicaid Rate	Medicare Comparison	
			Average Medicare Rate	Utah as % of Medicare Rate
Head, Neck & Chest	00100-00580, 01610-01680	\$202.96	\$172.70	118%
Upper Body	00600-00952, 01710-01860	\$150.37	\$125.45	120%
Lower Body	01112-01522	\$131.19	\$111.23	118%
Other	01916-01999	\$121.81	\$103.28	118%
Overall Average		\$160.73	\$135.62	119%

Comparisons to Surrounding States

The second comparison is the other state rate information (base units and base rate) of the comparison states. As shown in Table 4, Utah Medicaid base units by anesthesiology service category are similar to other states because most Medicaid agencies align base units with Medicare policy.

Table 4. Anesthesia Services Base Units Comparison to Other States

Service Category	Procedure Codes	Average Utah Medicaid Base Units	Medicaid Comparison			
			Average of Other State Medicaid Base Units	Utah as % of Other State Medicaid Base Units	Average Highest State Base Units	Average Lowest State Base Units
Head, Neck & Chest	00100-00580, 01610-01680	8.55	8.57	100%	8.64	8.55
Upper Body	00600-00952, 01710-01860	6.34	6.24	102%	6.26	6.21
Lower Body	01112-01522	5.53	5.53	100%	5.53	5.53
Other	01916-01999	5.13	5.21	99%	5.57	5.13
Overall Average		6.77	6.74	100%	6.82	6.72

As shown in Table 5, Utah Medicaid base rates are an average of 101 percent of the other state rates. At the service category level, the highest rate is 102 percent of the other state average rate, and the lowest rate is 101 percent of the other state average rate.



Table 5. Anesthesia Services Base Rates Comparison to Other States

Service Category	Procedure Codes	Average Utah Medicaid Rate	Medicaid Comparison			
			Average of Other State Medicaid Rates	Utah as % of Other State Medicaid Rates	Average Highest State Rate	Average Lowest State Rate
Head, Neck & Chest	00100-00580, 01610-01680	\$202.96	\$201.93	101%	\$274.55	\$130.68
Upper Body	00600-00952, 01710-01860	\$150.37	\$147.03	102%	\$200.28	\$94.48
Lower Body	01112-01522	\$131.19	\$130.35	101%	\$177.57	\$84.03
Other	01916-01999	\$121.81	\$120.63	101%	\$164.81	\$81.99
Overall Average		\$160.73	\$158.77	101%	\$216.14	\$102.86

Our supporting Excel file provides data for these comparisons, including each of the tables in this report. The supporting Excel file also contains a table showing the individual rates for each comparison state as well as the highest and lowest other state rate.