

May 7, 2009

House and Senate HHS Budget Conferees,

During the session we have had much discussion surrounding the PMAP program and provider reimbursement rates. It is clear there is an accounting for changes in the economic situation for providers in the development of rates for the health plans. It also seems that those rates are not passed through to providers.

It has also been established that the health plans have benefited from a net profit from these programs. Over that same period of time, the providers delivering the services have not seen increases in the reimbursement rates for the services delivered in our public programs. Through good and bad economic times, our individual providers have delivered needed services to these populations without changes in rates that reflect changes in the economics of delivering that care.

We also recognize the link between the reimbursement rates within the PMAP program and the fee for service component. We have been searching for a method of recognizing the reality that the cost of delivering care has risen more than 3% between the discounted rates from 1989 and today. Since there is a method utilized within the establishment of PMAP rates each year, we would recommend that this process be utilized to establish rates under the fee for service program.

Please consider the following. After the PMAP rates have been established, there would be a 1% decrease in the total dollar amount distributed to the health plans. That sum of money would then be applied to rates under the FFS program. Since the proportion of PMAP to FFS patients is roughly 2/3 to 1/3, the 1% decrease would result in a 2% increase in the FFS rates. This should be a budget neutral shift in recognition of the difficult economic situation.

By using this methodology, we can benefit from an already existing process for setting rates.

We would be glad to discuss this further.

Sincerely,

Jim Meffert-Nelson
Executive Director
Minnesota Optometric Association