Policy Update

Medicaid Spending in the States: Do You Know Your Specialty Code?

By Caroline Jennette

Did you know that you may be listed as a urologist or an internist when you bill for Medicaid? Looking at Medicaid provider enrollment applications in 48 states (two do not have accessible applications), only 20 states have unique specialty codes for nephrology. Among these, only six have unique provider codes for pediatric nephrology.

Why is this important? According to the Center on Budget and Policy Priorities, 44 states face budget shortfalls in fiscal years 2009 and 2010 totaling more than $350 billion. Medicaid expenditures, shared by both state and federal governments, add a significant burden to state budgets. This is especially true during periods of high unemployment, as more people lose their employer-sponsored health coverage and turn to state health plans for assistance (1).

Medicaid directors report that program enrollment and spending trends are already well above earlier fiscal year 2009 projections, with state cutbacks and decreases in Medicaid reimbursements to providers almost inevitable in the current economic setting (2). Containing costs requires that states be able to identify their expenses, and an important part of doing so is understanding Medicaid health-care expenditures within specialty services. Unfortunately, for many states, this is no easy task. The Centers for Medicare and Medicaid Services (CMS) does not have a standardized Medicaid code for physician specialty, leaving it to the discretion of states to apply and define codes as they choose, with many not using specialty codes at all.

Nine states specifically ask for National Provider Identifiers (NPI), the required CMS code that includes a standardized specialty taxonomy, which does include a code for nephrology and could be linked to state Medicaid claims. However, the success of using the NPI to analyze cost data is not yet known. Some early reports suggest that these codes are not ready to be used as a reliable tool for data collection and analysis. According to one source, these codes are frequently entered incorrectly or not at all, leading to coding and data entry errors that are, in turn, not well-enforced by lead agencies.

The majority of states have a “write-in” column for listing physician specialties, which may or may not be assigned a specific code in the state Medicaid database. Most state applications have a spot to fill in a provider’s Medicare number, which could be linked to Medicaid codes (Medicare numbers use a specialty code for nephrology). However, only three states explicitly require a Medicare provider number on applications, and it is unclear whether state departments actually use the Medicare specialty code to look at cost data.

In order for states to create cost-saving initiatives for Medicaid programs, it is important that they have data available to understand what is being billed, by whom, and for what diseases. Itemizing expenditures by specialty code would play a crucial role in figuring out ways to reduce costs by allowing investigation of expensive or highly used codes by specialty.

Although Medicaid data are already being collected through CMS’s Medical Statistical Information System (MSIS) for other metrics, creating unique, standardized Medicaid provider codes for specialties would be a way for CMS and individual states to easily pull procedure and cost data by provider type. It is important that state health policy researchers, especially those looking at specific types of providers, find out how specialty care and its associated fees affect state Medicaid costs. Many states do not yet understand what those costs are, and using specialty codes would allow data system analysts to more quickly pull cost data for policy researchers.

Having the knowledge to educate state policymakers on the role of nephrologists in the Medicaid cost system will provide a gateway to understanding the impact of kidney disease on state health-care costs. This type of knowledge can, in turn, lead to insights into how policy could help manage Medicaid costs for nephrology and, similarly, be evaluated for other specialty services.

References

1. McNichol E, Lav IJ: State budget troubles worsen. Center for Budget and Policy Priorities, 2008. http://www.cbpp.org/9-8-08sfp.pdf

2. Medicaid in a crunch: a mid-FY 2009 update on state Medicaid issues in a recession. Kaiser Commission on Medicaid and the Uninsured, 2009. http://www.kff.org/uninsured/upload/7848.pdf

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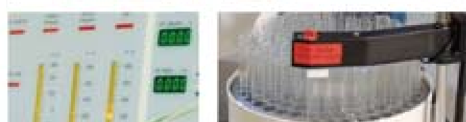

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