Comparing CPT Code Payments for Medi-Cal and Other California Payers

June 2001

Prepared for the Medi-Cal Policy Institute by

PRICEWATERHOUSECOOPERS

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Acknowledgments

The authors would like to acknowledge the assistance of the many people who made it possible to assemble the information on professional fee schedules in California and those who reviewed and commented on the draft versions of the report. Christopher Perrone, Deputy Director of the Medi-Cal Policy Institute and Lucy Streett, the project officer, reviewed the drafts of the report. Their helpful comments improved the organization and presentation of the results. We also acknowledge the helpful comments and assistance of staff at the California Department of Health Services. Stan Rosenstein, Assistant Deputy Director of Medical Care Services, reviewed the drafts and made his staff available to us for technical consultation and additional review. These included Tom Winter, Chief of the Professional Provider Unit, as well as Emily Fishman, Linda Machado, and Lynn McNamara. Ms. Fishman of the Rate Development Branch provided technical detail regarding the Medi-Cal professional fee schedule and the recent fee schedule update. We could not have completed the work without the cooperation of the health plan staff who willingly responded to our request for information and made themselves available for follow up questions. They responded with our promise of anonymity, but their participation permitted us to present results from health plans that represent many of the larger payers in the state. The one exception to the promise of anonymity is our special thanks to Mary Dewane, Chief Executive Officer of CalOPTIMA and John Richardson, Director of Program Development and Policy Analysis, on her staff, who collected information from the County Organized Health Systems programs. And finally, we thank the participants in the Medi-Cal Rates Roundtable sponsored by the Medi-Cal Policy Institute on March 5, 2001, in Sacramento, California. That roundtable included representatives from legislative staff, state and federal health agencies, medical and professional associations, health plans, and health policy researchers. Their questions and comments contributed to the final version of this report. The authors at PricewaterhouseCoopers retain responsibility for interpretation of the results, as well as any errors or omissions.

ISBN 1-929008-66-X

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Executive Summary

A. Background

This study of fee-for-service payment rates in the California Medicaid program (Medi-Cal) was supported by the Medi-Cal Policy Institute as part of its continuing work to evaluate Medi-Cal reimbursement and its impact on access to care and quality in the public delivery system. It compares fee-for-service payment levels in the Medi-Cal program to fee-for-service payment levels for other California payers and health plans. The findings build upon prior work that compared Medi-Cal managed care rates to other payers in California.[1]

B. Methodology

The study compares fee-for-service payment levels in Medi-Cal to rates paid by other California payers, including Medicare, Medicare Risk HMO plans, Medi-Cal managed care plans, Healthy Families plans, and commercial PPO insurance plans.

The procedure codes used in the comparison are the same as those selected for a concurrent study funded by the Medi-Cal Policy Institute that compared the California physician and dental fees to rates paid by the Medicaid programs in other states and the District of Columbia.[2] Approximately 50 high volume procedures were selected for the comparison. The selected codes represent a wide range of service categories and tend to be the high volume procedures in each category.

Comparative data on California Medicare payments were readily available from public information sources. Information for the other payers was obtained by contacting the health plans directly. For each category of payer, at least four California health plans were contacted. These rates were compared to the Medi-Cal fee-for-service rates that went into effect August 2000.

The data are compared in two formats:

- The dollar payment for the procedure code
- The proportion of the Medi-Cal payment as a percentage of other California payers.

C. Summary of Findings

1. Despite a significant Medi-Cal rate increase implemented in August 2000, Medi-Cal fee-for-service payment rates in doctor office settings lag significantly behind payment rates of other California payers.

2. Higher Medi-Cal payment levels for three service areas (including child preventive services, emergency room practitioners, and those who work in clinics) compensate for some of the difference in payment levels. Use of multiple conversion factors by the state can increase Medi-Cal payment by as much as 35 percent.

3. Medi-Cal payments as a proportion of Medicare vary by geographic area. Because Medi-Cal pays on a statewide basis and Medicare payments vary by nine geographic areas in the state, the Medi-Cal fees range from 50 to 93 percent of Medicare in rural areas as compared to 43 to 81 percent in the urban areas in the state.

4. Medi-Cal managed care plans pay physicians at rates ranging from slightly less to more than twice the level of the Medi-Cal fee-for-service fee schedule. Among the Two-Plan model counties, the four responding health plans (including one commercial plan and three Local Initiatives) reported rates between 95 and 105 percent of the Medi-Cal fee schedule. The five County Organized Health System plans reported rates between 100 and 200 percent of the Medi-Cal fee schedule. At the lower end of the COHS range, some plans supplemented their fees with risk-sharing payments.

5. Payment rates under Healthy Families are frequently higher than rates paid under Medi-Cal managed care contracts, and there is some movement to tie these rates to the Medicare fee schedule. We obtained information from three health plans in Two-Plan Model counties that contract with both Medi-Cal and Healthy Families. Among these plans, Healthy Families payment rates currently range from 100 to 120 percent of the Medi-Cal fee schedule. We also received information from three County Organized Health Systems that provide services under both programs. These COHSs reported Healthy Families rates that were higher than payment levels in the Two-Plan Model counties, ranging from 150 percent of the Medi-Cal fee schedule to 140 percent of Medicare.

6. Commercial health insurance physician payments remain substantially higher than the Medi-Cal rates. Medi-Cal payment levels are generally 25 to 85 percent of commercial PPO rates, with the majority of the comparison codes falling in the range of 35 to 60 percent of commercial PPO rates. HMO payment rates could not be obtained for this study, but are reported to be significantly lower than commercial PPO rates.

D. Rates Roundtable

This study is part of an ongoing effort by the Medi-Cal Policy Institute to provide objective analysis of the Medi-Cal program's payment policies. On March 5, 2001, the findings from this research were presented at a Medi-Cal Rates Roundtable in Sacramento, California. Participants included state legislative staff, Department of Health Services staff, physician association members, and Medi-Cal health plan representatives. The Medi-Cal Policy Institute is committed to fostering informed discussion and sound decision-making in the area of Medi-Cal payment.

I. Introduction

Despite the rapid growth of managed care in the Medi-Cal program, nearly half of its five million beneficiaries continue to receive services in the fee-for-service system. These fee-for-service beneficiaries are families and children who live in areas that do not have Medicaid managed care programs, children with special needs who receive services under California Children Services, and the aged and disabled statewide who are not required to enroll in a managed care plan. The aged and disabled constitute more than half of the fee-for-service beneficiaries and account for a disproportionate share of expenditures relative to their numbers.

Medi-Cal's fee-for-service payment rates have the potential to impact beneficiaries' access to services. Low rates may discourage provider participation and make it difficult for the program to attract mainstream providers who will accept Medi-Cal patients. In addition to determining the payments that are made on a fee-for-service basis, the Medi-Cal fee-for-service payment levels are significant in that they underlie the capitation rates paid to managed care plans serving Medi-Cal members.

Of approximately $18 billion in Medi-Cal provider payments in calendar year 1999, more than $10 billion went to fee-for-service payments to physicians, hospitals, pharmacies, nursing homes and other providers. Over $800 million was spent on physician services in the Medi-Cal fee-for-service program.[3] For fiscal year 2000-2001, the state Budget Analyst's office estimates that more than $1.2 billion will be spent on fee-for-service physician services.[4]

Numerous studies have shown that California Medi-Cal payments for physician services are low relative to other payers. In 1998, an Urban Institute study reported that Medi-Cal physician payments averaged 47 percent of Medicare, compared to a national average of 64 percent.[5] In 1999, a PricewaterhouseCoopers study of Medi-Cal managed care rates concluded that Medi-Cal capitation rates were low relative to other payers and reflected the low fee-for-service payment levels.[6]

The purpose of this report is to:

1. Provide an overview of the Medi-Cal physician fee-for-service payment methodology and describe how Medicare payment amounts were used in the California August 2000 Medicaid physician fee update; and
2. Compare Medi-Cal fee-for-service payment levels to those of other payers in California.

In chapter two of this report we describe physician fee-for-service payments in the California Medi-Cal program and detail the August 2000 fee update. Chapter three presents an overview of the project methodology. In chapter four we compare selected high volume CPT code payment levels for Medi-Cal and Medicare. Chapters five and six present comparison of payments to other California payers. The last chapter summarizes the results of the comparisons.

II. California Medi-Cal Physician Payments

A. Background

California's Medicaid program, known as the California Medical Assistance Program (Medi-Cal), is administered by the California Department of Health Services. Medi-Cal provides health care coverage to over 5 million beneficiaries at a total annual cost of approximately $20 billion.

Almost two-thirds of Medi-Cal's beneficiaries are families with children; one-third are aged or disabled individuals. Slightly more than half of total beneficiaries are enrolled in a Medi-Cal managed care program. Managed care enrollees are families with children, primarily, leaving the traditional fee-for-service system to cover a case load that is more than half aged, blind, or disabled.

Of $20 billion in total program expenditures, approximately $18 billion is funded through a combination of state and federal monies that are used to pay providers. More than $10 billion goes to fee-for-service payments to physicians, hospitals, pharmacies, nursing homes, and other providers. The remaining provider payments cover Early Periodic Screening Detection and Treatment screening services, Medi-Cal managed care plan capitation, Short-Doyle mental health services, and Disproportionate Share Hospital payments.

In calendar year 1999, over $800 million was spent on physician services in the Medi-Cal fee-for-service program. For the fiscal year 2000-2001, the state Budget Analyst's office estimates that more than $1.2 billion will be spent on fee-for-service physician services.[7]

B. Medi-Cal Physician Fee-for-Service Payment Methodology

Physician Payment Methodology

The current Medi-Cal physician payment methodology uses the same component approach to calculating payment as most insurers and health plans. Services are billed by a procedure code that is assigned a relative value unit. This relative value unit is then multiplied by a dollar conversion factor to arrive at a payment amount. The dollar conversion factors are statewide values; there is no geographic variation in the Medi-Cal physician fee schedule.

The procedure codes used to bill Medi-Cal services are a combination of other coding systems, including the national standard Current Procedural Terminology (CPT) used for physician office visits, surgical procedures, and interpretation of laboratory and radiology services; the Health

Care Financing Administration Common Procedure Coding System (HCPCS) used for tests, medical supplies, and services by non-physician health professionals; and, uniquely developed "local codes." Together, there are more than 10,000 procedure codes.

The Relative Value Units used for Medi-Cal payment were originally developed by the California Medical Association in a 1969 study. Over time, new codes were added and codes were selectively reviewed and modified. These RVUs changed most recently with the August 2000 update. Because of the methodology, the current RVUs are more appropriately viewed as a component of the payment calculation and do not maintain a systematic relationship to either the historic RVUs or the Medicare RBRVS unit values.

Medi-Cal uses multiple conversion factors to convert a procedure code RVU to a payment amount. The conversion factors vary by the service type/range of codes, site-of-service/provider type, and, for primary care, by adult and child. For example, there are more than 20 service types with nearly as many different conversion factor values for physician services in an office or hospital outpatient department. If some of those services are provided in a hospital emergency room or a clinic setting, a different, usually higher, dollar conversion factor may be used. These conversion factor dollar values range from less than a dollar for pathology services to $10.00 for adult primary care, $37.23 for most surgery, and $50.67 to $120.15 for OB-Gyn related procedures.

The implication of the multiple conversion factors is that a given procedure code can be paid at many different rates. The most variation is seen in primary care codes that include Evaluation and Management (E&M) services such as office visits. Table 1 demonstrates that an office visit in a community clinic for a child under 17 is reimbursed 36 percent more than the same service provided for an adult in a physician office or hospital outpatient department. The same services delivered in an emergency room will be paid 24 percent more than in the physician office. All of these rates are increased another 39.7 percent when they are for approved services for children eligible under California Children Services.

Table 1.
Medi-Cal Physician Payment Calculation:
Office Visit 99203 (New Patient, Medium Intensity)

	Adult			Child		
	Doctor Office	**Community Clinic**	**Emergency Room**	**Doctor Office**	**Community Clinic**	**Emergency Room**
Unit Value	5.72	5.72	5.72	5.72	5.72	5.72
Conversion Factor	$10.00	$12.38	$12.42	$10.91	$13.59	$12.42
Payment	$57.20	$70.81	$71.04	$62.41	$77.73	$71.04
Ratio to Adult in Physician's Office	1.000	1.238	1.242	1.091	1.359	1.242

Fee-for-Service Payment Levels
Numerous studies show that California Medi-Cal payments for physician services are low relative to other payers. A review of Medicaid physician payments in 1993 estimated that California paid approximately 63 percent of Medicare.[8] By 1998, an Urban Institute study reported that Medi-Cal physician payments were at 77 percent of the national Medicaid average and 47 percent of Medicare.[9] A 1999 PricewaterhouseCoopers study of Medi-Cal managed care rates concluded that Medi-Cal capitation rates were low relative to other payers and reflected the program's low fee-for-service payment levels.[10]

These low relative payment levels were due in part to the fact that the most recent across-the-board increase in physician rates had been made in 1985-1986. In the early 1990s, physician rates were actually decreased for surgical procedures and other selected services. In the late 1990s, the California legislature increased payment levels for targeted services, including primary care and emergency room physicians. The 2000-2001 Budget Act approved a $266 million total increase (state General Fund and federal matching funds) for Medi-Cal physician services to finance a 15.6 percent across-the-board increase effective on August 1, 2000. These monies permitted higher increases for preventive health screening, California Children Services, emergency room physicians, and neonatal intensive care.

Implementation of August 2000 Physician Fee Increase
The August 2000 Medi-Cal physician fee update used the Medicare payment level as a benchmark for revisions to the Medi-Cal fee schedule. However, the update did not adopt the Medicare RBRVS methodology. Instead, the update was based on an analysis that compared the Medicare dollar payment amount to the Medi-Cal dollar amount for a given procedure code.

Staff of the Provider Payment Unit of the Department of Health Services calculated a Medicare Relative Rate (MRR) for each procedure code. They analyzed historical claims data from 1995 and applied the appropriate California-specific year 2000 Medicare factors. In this way they identified a weighted average estimate for each code. The state used the fully transitioned non-facility practice expense Relative Value Units (RVUs) and the following statewide geographic practice cost index (GPCI) values:[11]

- Work RVU 1.0335
- Practice Expense RVU 1.1370
- Malpractice RVU 0.7623

The Work and the Practice Expense GPCI values are above 1.00, and indicate that the Department of Health Services recognized that Medicare rates in California are higher than the national average.

The code-specific MRR payment amount was then compared to the existing Medi-Cal payment amount. Rates for all services that were below 38 percent of the MRR were raised to 43 percent of the MRR value. Rates for services between 38 and 80 percent of the MRR received a flat 13.26 percent increase, subject to the condition that the increase would not elevate reimbursement above 80 percent of the MRR. All services above 80 percent of the MRR were held at current levels. Prior to the rate increase, Medi-Cal payments were estimated at 50 to 53

percent of Medicare.[12] After these adjustments, average Medi-Cal fee-for-service payments are estimated to be 60 percent of Medicare.[13]

Impact of Medi-Cal Physician Fee Increases

The August 2000 update also resulted in a 13.3 percent increase in payment for a number of other codes such as the high volume office visit, hospital consultation, and maternity codes. Table 2 indicates the payment level for selected codes before and after the August 2000 increase. One significant change is the 32 percent increase for an established patient office visit, which went from $18.18 to $24.00. Emergency room visits, which received a legislative line item appropriation, increased 40 percent from $31.85 to $44.60.

Table 2.
Medi-Cal Physician Payment Rates, 1999-2000
Impact of August 2000 Fee Update on
Selected High Volume CPT Codes

		Reimbursement Rates			
CPT Code	**Description**	**Aug 1999 Medi-Cal**	**Aug 2000 Medi-Cal**	**$$ Difference**	**% Change**
	Office Visits				
99203	Office/outpatient visit, new	$50.50	$57.20	$6.70	13.27%
99204	Office/outpatient visit, new	$60.80	$68.90	$8.10	13.32%
99213	Office/outpatient visit, established	$18.18	$24.00	$5.82	32.01%
	Hospital Visits				
99222	Initial hospital care	$64.64	$73.20	$8.56	13.24%
99232	Subsequent hospital care	$33.33	$37.80	$4.47	13.41%
99283	Emergency dept visit	$31.85	$44.60	$12.75	40.03%
	Maternity Care				
59400	Obstetrical care normal delivery	$961.20	$1,088.56	$127.36	13.25%
59409	Normal delivery only	$480.80	$544.28	$63.48	13.20%
59510	Cesarean delivery	$961.27	$1,088.62	$127.35	13.25%
59514	Cesarean delivery only	$480.64	$544.72	$64.08	13.33%
	Selected Procedures				
33533	CABG, arterial, single	$1,777.99	$1,871.92	$93.93	5.28%
71020	Chest x-ray	$22.92	$25.98	$3.06	13.35%
	Vision				
92004	Eye exam, new patient	$47.45	$57.79	$10.34	21.79%
92014	Eye exam and treatment	$47.45	$46.44	($1.01)	-2.13%

III. Medi-Cal Fee Levels Comparison Methodology

This study of Medi-Cal physician fee-for-service payment levels is part of a broader study that compares the Medi-Cal physician fee schedule to physician fee levels in other state Medicaid programs. That larger study, conducted by The Lewin Group, selected approximately 50 high-volume CPT codes for comparison across the 50 state Medicaid programs and the District of Columbia.[14] The list of selected CPT codes encompasses a range of common services under physician visit Evaluation and Management codes, anesthesia, surgery, maternity and delivery, radiology, laboratory, testing, vision, audiology, dental, and durable medical equipment.

This high volume CPT code list served as the basis for requesting comparative data from California payers and health plans. This study focused on the medical service CPT codes. Laboratory payment levels were often not available because programs either capitated or subcontracted for those services. Vision and dental services were also capitated or subcontracted, and in some cases were not a covered benefit of the programs.

We obtained comparative data for the following California payers:

- Medicare,
- Commercial Medicare Risk (HMO) Plans,
- Medi-Cal Managed Care Plans,
- Healthy Families Plans, and
- Commercial PPOs.

We also spoke with representatives of four capitated physician groups that serve Medi-Cal and Healthy Families to obtain information on their payment methods; these data were less complete than the information provided by health plans.

The next chapters present the comparative results by payer type. In some cases, we found geographic variation in the rates; these are identified when applicable. The tables throughout the report highlight physician office visit and other selected high volume codes. The Appendix provides more comprehensive comparisons of payment levels that we were able to obtain for each payer type.

IV. Medi-Cal Fee Levels Compared to Medicare

A. Background

A number of studies have compared Medi-Cal fee levels to Medicare. As previously cited, a recent Urban Institute study estimated that in 1998 California paid 47 percent of the Medicare rate compared to a national average of 64 percent. The Urban Institute estimated that primary care and obstetrical fees were even lower, 42 percent and 43 percent of Medicare, respectively.[15]

The Provider Rate Development Unit of the California Department of Health Services estimated that Medi-Cal rates were 50 to 53 percent of Medicare prior to the recent rate increase. The state Legislative Analyst's Office estimates that Medi-Cal payments now average 60 percent of Medicare.

B. Medicare Fee-for-Service Payment Rates in California

California is divided into nine geographic regions for Medicare physician reimbursement: eight urban areas and a "rest of state" category. Overall, the California geographic practice cost index (GPCI) factors produce Medicare payments that are higher than the national Medicare average. The San Francisco Bay area (which includes the city and county of San Francisco, and the cities of Oakland, Berkeley, and San Jose) and the Los Angeles Basin (which includes Los Angeles and Orange Counties) have Medicare rates that are 10 to 16 percent higher than the national average for our high volume CPT codes. The geographic factors used for the August 2000 update by the California Department of Health Services produce Medicare Relative Rates that are 4 to 11 percent higher than the national Medicare average for the selected codes.[16]

Table 3 shows how the Medi-Cal fee schedule compares to the national and California Medicare payment rates for various codes. Table 4 shows the Medi-Cal maximum rate as a proportion of the national Medicare rate and California's regional Medicare rates.

When we compare the current Medi-Cal fee schedule to the year 2000 Medicare payments, we see that for office visit codes (CPT codes 99203, 99204, and 99213) the Medi-Cal fee schedule is 51 to 64 percent of the national average Medicare payment. When compared to the geographically adjusted California Medicare payment level, this percentage drops to 43 to 56 percent of Medicare in San Francisco, the region with the highest Medicare reimbursement rates.

The Medi-Cal fee-for-service comparison to the Medicare rate varies by procedure code. For example, the hospital visit codes range from 57 to 69 percent of the geographic Medicare payment rates. For a single artery coronary bypass surgery, Medi-Cal pays 81 to 93 percent of the Medicare amount. The Appendix, which has a more complete listing of codes, identifies a number of other procedures, including knee arthroscopy and upper GI endoscopy, for which Medi-Cal pays an amount that is 77 to 94 percent of the Medicare rate. On the other hand, cataract surgery (with insertion of an intraocular lens prosthesis) is paid above the Medicare rate, from 115 to 132 percent of the Medicare payment. According to DHS staff, there are approximately 300 procedures where the Medi-Cal physician office rate exceeds the Medicare payment amount.[17]

Table 3.
Medi-Cal Physician Rates and Medicare Payments
U.S. National Average and California Regions, 2000

CPT Code		Medi-Cal Office Rate	National Medicare Rate	Anaheim/ Santa Ana	Los Angeles	Marin/ Napa/ Solano	Oakland/ Berkeley
	Office Visit						
99203	Office/outpatient visit, new	$57.20	$88.97	$97.48	$98.71	$94.82	$97.40
99204	Office/outpatient visit, new	$68.90	$128.51	$140.57	$142.38	$136.81	$140.54
99213	Office/outpatient visit, est	$24.00	$47.23	$52.20	$52.84	$50.87	$52.27
	Hospital Visit						
99222	Initial hospital care	$73.20	$115.70	$124.64	$126.41	$121.36	$124.60
99232	Subsequent hospital care	$37.80	$56.02	$60.20	$61.06	$58.61	$60.17
99283	Emergency dept visit	$44.60	$64.07	$68.26	$69.25	$66.27	$68.00
99431	Initial care, normal newborn	$49.30	$75.42	$82.69	$83.75	$80.55	$82.75
	Maternity Care						
59400	Obstetrical care	$1,088.56	$1,452.10	$1,576.60	$1,597.00	$1,530.30	$1,571.30
59409	Obstetrical care	$544.28	$812.82	$878.70	$890.35	$852.76	$875.47
59510	Cesarean delivery	$1,088.62	$1,650.55	$1,791.86	$1,815.04	$1,739.17	$1,785.75
59514	Cesarean delivery only	$544.72	$957.45	$1,034.40	$1,048.14	$1,003.76	$1,030.46
	Selected Procedures						
33533	CABG, arterial, single	$1,871.92	$2,009.36	$2,204.50	$2,230.00	$2,133.61	$2,191.16
71020	Chest x-ray	$25.98	$35.88	$40.98	$41.34	$39.75	$40.88
	Vision Care						
92004	Eye exam, new patient	$57.79	$105.45	$115.35	$116.85	$112.35	$115.41
92014	Eye exam and treatment	$46.44	$77.25	$85.26	$86.31	$83.05	$85.34

Note: Uses Medi-Cal Physician Office Rate and Medicare Transitional Non-Facility Rates.

Table 3 (continued).
Medi-Cal Physician Rates and Medicare Payments
U.S. National Average and California Regions, 2000

CPT Code		Medi-Cal Office Rate	San Francisco	San Mateo	Santa Clara	Ventura	Rest of California
	Office Visit						
99203	Office/outpatient visit, new	$57.20	$102.57	$100.66	$100.94	$94.46	$90.20
99204	Office/outpatient visit, new	$68.90	$147.87	$145.10	$145.58	$136.37	$130.34
99213	Office/outpatient visit, est	$24.00	$55.20	$54.16	$54.26	$50.56	$48.15
	Hospital Visit						
99222	Initial hospital care	$73.20	$130.26	$127.84	$128.60	$121.49	$116.92
99232	Subsequent hospital care	$37.80	$62.84	$61.67	$62.06	$58.71	$56.56
99283	Emergency dept visit	$44.60	$70.85	$69.55	$70.04	$66.53	$64.23
99431	Initial care, normal newborn	$49.30	$87.11	$85.48	$85.75	$80.24	$76.66
	Maternity Care						
59025	Fetal non-stress test	$22.80	$48.57	$47.68	$47.73	$44.54	$42.35
59400	Obstetrical care	$1,088.56	$1,650.13	$1,619.65	$1,625.78	$1,528.14	$1,463.01
59409	Obstetrical care	$544.28	$917.81	$900.89	$904.92	$852.59	$817.72
59510	Cesarean delivery	$1,088.62	$1,875.29	$1,840.65	$1,847.63	$1,736.76	$1,662.78
59514	Cesarean delivery only	$544.72	$1,080.07	$1,060.17	$1,065.00	$1,003.72	$962.87
	Selected Procedures						
33533	CABG, arterial, single	$1,871.92	$2,313.69	$2,271.24	$2,274.12	$2,123.75	$2,020.60
71020	Chest x-ray	$25.98	$43.82	$43.00	$42.80	$39.14	$36.64
	Vision Care						
92004	Eye exam, new patient	$57.79	$121.40	$119.13	$119.54	$111.99	$107.08
92014	Eye exam and treatment	$46.44	$90.08	$88.39	$88.57	$82.58	$78.66

Note: Uses Medi-Cal Physician Office Rate and Medicare Transitional Non-Facility Rates.

Table 4.
Medi-Cal Physician Rates as a Proportion of Medicare Payments
U.S. National Average and California Regions, 2000

CPT Code		Medi-Cal Office Rate	National Medicare Rate	Anaheim/ Santa Ana	Los Angeles	Marin/ Napa/ Solano	Oakland/ Berkeley
	Office Visit						
99203	Office/outpatient visit, new	$57.20	0.64	0.59	0.58	0.60	0.59
99204	Office/outpatient visit, new	$68.90	0.54	0.49	0.48	0.50	0.49
99213	Office/outpatient visit, est	$24.00	0.51	0.46	0.45	0.47	0.46
	Hospital Visit						
99222	Initial hospital care	$73.20	0.63	0.59	0.58	0.60	0.59
99232	Subsequent hospital care	$37.80	0.67	0.63	0.62	0.64	0.63
99283	Emergency dept visit	$44.60	0.70	0.65	0.64	0.67	0.66
99431	Initial care, normal newborn	$49.30	0.65	0.60	0.59	0.61	0.60
	Maternity Care						
59400	Obstetrical care	$1,088.56	0.75	0.69	0.68	0.71	0.69
59409	Obstetrical care	$544.28	0.67	0.62	0.61	0.64	0.62
59510	Cesarean delivery	$1,088.62	0.66	0.61	0.60	0.63	0.61
59514	Cesarean delivery only	$544.72	0.57	0.53	0.52	0.54	0.53
	Selected Procedures						
33533	CABG, arterial, single	$1,871.92	0.93	0.85	0.84	0.88	0.85
71020	Chest x-ray	$25.98	0.72	0.63	0.63	0.65	0.64
	Vision Care						
92004	Eye exam, new patient	$57.79	0.55	0.50	0.49	0.51	0.50
92014	Eye exam and treatment	$46.44	0.60	0.54	0.54	0.56	0.54

Note: Uses Medi-Cal Physician Office Rate and Medicare Transitional Non-Facility Rates.

Table 4 (continued).
Medi-Cal Physician Rates as a Proportion of Medicare Payments
U.S. National Average and California Regions, 2000

CPT Code		Medi-Cal Office Rate	San Francisco	San Mateo	Santa Clara	Ventura	Rest of California
	Office Visit						
99203	Office/outpatient visit, new	$57.20	0.56	0.57	0.57	0.61	0.63
99204	Office/outpatient visit, new	$68.90	0.47	0.47	0.47	0.51	0.53
99213	Office/outpatient visit, est	$24.00	0.43	0.44	0.44	0.47	0.50
	Hospital Visit						
99222	Initial hospital care	$73.20	0.56	0.57	0.57	0.60	0.63
99232	Subsequent hospital care	$37.80	0.60	0.61	0.61	0.64	0.67
99283	Emergency dept visit	$44.60	0.63	0.64	0.64	0.67	0.69
99431	Initial care, normal newborn	$49.30	0.57	0.58	0.57	0.61	0.64
	Maternity Care						
59400	Obstetrical care	$1,088.56	0.66	0.67	0.67	0.71	0.74
59409	Obstetrical care	$544.28	0.59	0.60	0.60	0.64	0.67
59510	Cesarean delivery	$1,088.62	0.58	0.59	0.59	0.63	0.65
59514	Cesarean delivery only	$544.72	0.50	0.51	0.51	0.54	0.57
	Selected Procedures						
33533	CABG, arterial, single	$1,871.92	0.81	0.82	0.82	0.88	0.93
71020	Chest x-ray	$25.98	0.59	0.60	0.61	0.66	0.71
	Vision Care						
92004	Eye exam, new patient	$57.79	0.48	0.49	0.48	0.52	0.54
92014	Eye exam and treatment	$46.44	0.52	0.53	0.52	0.56	0.59

Note: Uses Medi-Cal Physician Office Rate and Medicare Transitional Non-Facility Rates.

If the physician visit is in a clinic or hospital outpatient setting, the Medi-Cal fee schedule compares much more favorably to the Medicare rate. This occurs because DHS used the higher Non-Facility RVUs in the rate increase analysis and adjustment process. Medicare pays for services in the clinic or hospital outpatient setting using the Facility RVUs. The use of these RVUs reduces the payment level because it is assumed that the facility absorbs the practice expense costs associated with rent, utilities, and other clinical and support staff. For Medicare rates in effect in 2000, the Facility/Non-Facility difference can be substantial. Physician visits in the office setting are paid 26 to 104 percent more than the same service in the hospital outpatient or clinic setting.

Table 5 shows how these percentages change in the highest cost Medicare geographic region, San Francisco, when the Medi-Cal conversion factors for the physician office, hospital outpatient, and clinic setting are compared to the Medicare facility and non-facility reimbursement levels. Medi-Cal payments for services in a physician office are 55 to 60 percent

of the Medicare payment level; this increases to 80 to 85 percent for service in a hospital outpatient setting. For a visit by a child to a community clinic setting, the current Medi-Cal fee schedule actually exceeds the Medicare facility payment rate. This comparison is important because a significant proportion of Medi-Cal ambulatory care services are delivered in the outpatient departments of county public hospitals, community clinics, and federally qualified health centers that are reimbursed at higher Medi-Cal rates.

Table 5.
Medi-Cal Physician Rates Compared to
Medicare Non-Facility and Facility Payment Levels
Office Visit 99203 (New Patient, Medium Intensity)

	Medi-Cal Maximum Rate			Medicare, San Francisco	
	Doctor Office	Hospital Outpatient	Community Clinic	Non-Facility	Facility
Primary Care-Adult	$57.20	$57.20	$70.81	$102.57	$72.61
Primary Care-Child	$62.41	$62.41	$77.73	$102.57	$72.61
Ratio Adult	0.558	0.788	0.975		
Ratio Child	0.608	0.860	1.071		

Note: Medi-Cal Doctor Office is compared to Medicare Non-Facility; Medi-Cal Hospital Outpatient and Community Clinic are compared to Medicare Facility.

C. Medicare Risk HMO Payments in California

Background

As of December 2000, nearly 1.5 million California Medicare beneficiaries were enrolled in Medicare Risk HMOs. This is 40 percent of the total number of Medicare members in the state and more than twice the 17 percent national average of Medicare beneficiaries enrolled in Medicare Risk plans. California headquarters some of the largest Medicare Risk plans in the country.

Medicare Risk HMO Payment Rates in California

The four Medicare Risk plans that we contacted enroll members throughout the state. Three of them reported that their physician payments are based on the current California Medicare RBRVS, including two that reported paying physicians at 100 percent of the Medicare fee schedule. The third plan reported payment levels based on 80 percent of the Medicare fee schedule. All three used the Medicare geographic factors.

Based on this information, the Medicare Risk payment levels in California are generally the same as the Medicare fee-for-service payment levels reported in Tables 3 and 4. If we compare the Medi-Cal rates to an 80 percent Medicare RBRVS fee schedule, we find that the Medi-Cal fee levels are 75 to 80 percent of the Medicare Risk schedule, a much more favorable comparison.

V. Medi-Cal Managed Care and Healthy Families

A. Background

More than half of all Medi-Cal beneficiaries, approximately 2.6 million people, are enrolled in Medi-Cal managed care health plans through one of three managed care models: County Organized Health Systems, the Two-Plan Model, and Geographic Managed Care. These managed care models cover beneficiaries living in all of the large urban areas of the state as well as some smaller counties, such as Santa Barbara, Santa Cruz, Monterey, Solano, and Napa. Most of the plans capitate primary care providers or contract with medical groups and fully licensed HMOs under broader scope ambulatory care or full risk capitation. However, most plans also maintain provider fee schedules for out-of-area payments and calculation of stop loss and reinsurance payments.

Many of these same Medi-Cal managed care programs participate in the State Child Health Insurance Program, known in California as Healthy Families. This is a program targeted at uninsured low-income children who do not qualify for Medi-Cal, unlike the Medi-Cal managed care plans, the Healthy Families program operates in all California counties. Enrollment in Healthy Families was 362,000 as of January 2001.

B. Physician Payments in Medi-Cal Managed Care

Medi-Cal managed care health plans were asked to supply information on provider payment arrangements. Health plans that fully capitate their physician services were not contacted. Because of the proprietary nature of the request, we concentrated on health plans where we had previous contacts. We contacted a total of seven plans in the Medi-Cal Two-Plan Model counties as well as all five County Organized Health System (COHS) plans. We received responses from four Two-Plan Model health plans (including one commercial plan and four Local Initiatives). All five County Organized Health System (COHS) programs responded to our query. In addition, we received physician payment information from four medical groups that contract with a Two-Plan Model plan.

The Two-Plan Model plans reported that they base their physician payments on the Medi-Cal fee-for-service rates and update those rates as they receive information from the Department of Health Services. Two of these plans reported payments based on 100 percent of the Medi-Cal fee schedule; one plan reported basing payments on 95 percent of Medi-Cal (Table 6). The fourth plan reported payments of 105 percent of Medi-Cal for most services, but reported paying

normal delivery and cesarean section at a level almost 120 percent of the Medi-Cal fee schedule. Some plans lagged in their updates. Therefore they fell below their target payment levels until information systems could be updated.

Table 6.
Medi-Cal Physician Payment Rates, 2000
Relationship to Medi-Cal Two-Plan Model HMO Rates

CPT Code	Description	HMO 1/HMO 2*	HMO 3	HMO 4
	Office Visits			
99203	Office/outpatient visit, new	1.00	0.95	1.05
99204	Office/outpatient visit, new	1.00	0.95	1.05
99213	Office/outpatient visit, established	1.00	0.95	1.05
	Hospital Visits			
99222	Initial hospital care	1.00	0.95	1.05
99232	Subsequent hospital care	1.00	0.95	1.05
99283	Emergency dept visit	1.00	0.95	1.05
	Maternity Care			
59400	Obstetrical care Normal delivery	1.00	0.95	1.20
59409	Normal delivery only	1.00	0.95	1.20
59510	Cesarean delivery	1.00	0.95	1.20
59514	Cesarean delivery only	1.00	0.95	1.20
	Vision			
92004	Eye exam, new patient	1.00	0.95	1.05
92014	Eye exam and treatment	1.00	0.95	1.05

** Two Medi-Cal HMOs reported using the Medi-Cal fee schedule at the 100% Medi-Cal FFS level.*

Three capitated, Two-Plan Model medical groups reported that their physician payments are based on the Medi-Cal fee schedule, with a 100 to 105 percent range. The fourth medical group reported paying 62 percent of the Medicare RBRVS that, in the aggregate, approximates 100 percent of the current Medi-Cal fee schedule.

In contrast, the five COHS plans all reported physician payments substantially above Medi-Cal fee-for-service rates (Table 7). They reported payment levels ranging from 100 to 200 percent of the Medi-Cal fee schedule. One plan reported capitating primary care physicians at 100 percent of the Medi-Cal fee schedule with additional risk sharing payments, while two other plans that use physician capitation reported developing payment levels based on an assumption of 150 percent and 200 percent of the Medi-Cal fee-for-service equivalent rate. In one case, higher payments are enforced by contract and audits to guarantee that physicians are paid at these levels. Yet another plan has analyzed primary care physician payments and concluded that the primary care capitation, plus return of withheld amounts, and risk-sharing payments, approximate 100 percent of billed charges.

Table 7.
Medi-Cal Physician Payment Rates – 2000
Relationship to Medi-Cal County Organized Health System Rates

Provider Type	COHS 1	COHS 2	COHS 3	COHS 4	COHS 5
Primary Care	200%	150%	Capitated	Average 100% of billed charges (capitated)	100% + risk-sharing payments
Specialist	150%	150%	165%	138%	min 110%

COHS 1 Capitates PCPs at 200% actuarial fee-for-service-equivalent.

COHS 2 Payment was at 140% of the Medi-Cal Fee Schedule in effect 10/1/99; On April 1, 2001 rates increased to 150% of the Medi-Cal fee schedule in effect 10/1/99.

COHS 3 Subject to a 80% Medicare Floor and 100% Medicare ceiling.

COHS 4 Analysis of PCP capitation, COB, copayments and risk share distribution suggests aggregate payment close to 100% of billed charges.

COHS 5 Capitation set at 100% of actuarial fee-for-service equivalent; risk sharing is additional Specialty payments at 70% Medicare with a floor set at 110% Medi-Cal.

COHS specialist payments are often given on a claims basis; all report payment levels above current Medi-Cal fee-for-service rates. One plan pays 165 percent of Medi-Cal fee-for-service, with an 80 percent Medicare floor and a 100 percent Medicare ceiling, effectively paying between 80 and 100 percent of Medicare. Another has established rates at 138 percent of the Medi-Cal fee-for-service following the August 2000 physician increases. Two of the COHS plans pay contracted specialists, in the aggregate, at 150 percent of the Medi-Cal fee schedule. One of these plans increased its payments from 140 to 150 percent of the 1999 Medi-Cal fee schedule effective April 1, 2001.[18] This same COHS also administers a portion of its program entirely under a fee-for-service model. The COHS recently converted this particular program's payment schedule to a Medicare RBRVS-based one estimated to provide 70 percent of the 2001 Medicare RBRVS. The fifth COHS pays specialists at 70 percent of Medicare, with a minimum payment rate of 110 percent of Medi-Cal.

C. Physician Payments in Healthy Families

Six of the nine plans and all four medical groups that provided rate information on Medi-Cal managed care also provided Healthy Families physician rates.[19] Nearly all the representatives of the responding plans said that they base their physician payment for Healthy Families on their Medi-Cal rates and update those rates as they receive information from the Department of Health Services (Table 8). The Two-Plan Model health plans reported Healthy Families payment rates ranging from 100 to 122 percent of the Medi-Cal fee schedule. Both northern and southern California areas reported this range, which seemed not to have a geographic pattern. Three of the four Two-Plan Model capitated medical groups reported paying Healthy Families providers at 100 percent of Medi-Cal rates. The fourth medical group paid at 62 percent of Medicare.

Among the County Organized Health Systems, Healthy Families payment rates were typically higher, mirroring their higher Medi-Cal managed care payments. Two of the COHS plans reported payments at 150 percent of the Medi-Cal fee-for-service fee schedule; one of these has tentative plans to increase its rates later this year to 165 percent of Medi-Cal with a floor of 80

percent of Medicare. A third COHS plan reported basing its payments on 80 percent of Medicare, but noted that in 2000 at final settlement (including copayments, withhold return, and bonus/risk-sharing), providers had actually received 193 percent of Medicare.

Table 8.
Medi-Cal Physician Payment Rates, 2000
Relationship to Healthy Families Health Plan Rates

		Two Plan County			COHS County	
CPT Code		Healthy Families HMO 1	Healthy Families HMO 2	Healthy Families HMO 3	Healthy Families COHS 1*	Healthy Families COHS 2 and COHS 3
	Office Visits					
99203	Office/outpatient visit, new	1.00	1.05	1.20	80% Medicare	1.50
99204	Office/outpatient visit, new	1.00	1.05	1.20	80% Medicare	1.50
99213	Office/outpatient visit, established	1.00	1.05	1.20	80% Medicare	1.50
	Hospital Visits					
99222	Initial hospital care	1.00	1.05	1.20	80% Medicare	1.50
99232	Subsequent hospital care	1.00	1.05	1.20	80% Medicare	1.50
99283	Emergency dept visit	1.00	1.05	1.20	80% Medicare	1.50
	Maternity Care					
59400	Obstetrical care Normal delivery	1.00	1.05	1.20	80% Medicare	1.50
59409	Normal delivery only	1.00	1.05	1.20	80% Medicare	1.50
59510	Cesarean delivery	1.00	1.05	1.20	80% Medicare	1.50
59514	Cesarean delivery only	1.00	1.05	1.20	80% Medicare	1.50
	Vision					
92004	Eye exam, new patient	1.00	1.22	1.20	80% Medicare	1.50
92014	Eye exam and treatment	1.00	1.22	1.20	80% Medicare	1.50

**This plan reported that at final settlement (including copayments, withhold return, and bonus/risk-sharing) providers had actually received 140% of Medicare in 1999 and 193% of Medicare in 2000.*

VI. Commercial Payers

A. Background

We collected California commercial PPO physician payment information from a proprietary PricewaterhouseCoopers (PwC) database, published rates, and California PPO plans. These rates vary by geographic area.

B. Commercial Payers

The PwC proprietary database is a client database derived from the company's work with insurers, health plans, and provider groups. It provides current PPO payment rates for Los Angeles, San Francisco, and "Rest of State." This database also distinguishes some services by Primary Care and Specialist payment levels. Tables 9 and 10 present the comparisons. These data suggest that commercial payers have established lower rates than Medicare pays for office visits, emergency room services, and normal newborn care, but that they pay a higher rate for hospital visits than Medicare. Therefore, Medi-Cal compares somewhat favorably, (in the 60 to 75 percent range) for the low-intensity office visit codes, but less favorably for the higher-intensity office visit and initial hospital visit codes (less than 50 percent of the commercial payer rate). This is an improvement compared to the rates reported in our prior study, where Medi-Cal payment levels were less than 40 percent of the commercial office visit rates.[20] Medi-Cal rates for hospital visits have maintained the same relationship to commercial payer rates, 50 to 60 percent, that we reported previously.

Table 9.
Medi-Cal Physician Rates Compared to Commercial PPOs:
PwC Database, 2000

CPT Code		Medi-Cal Office Rate	Los Angeles		San Francisco		Rest of State	
			Primary	Specialist	Primary	Specialist	Primary	Specialist
	Office Visit							
99203	Office/outpatient visit, new	$57.20	$91.26	$94.83	$94.84	$98.54	$83.60	$86.87
99204	Office/outpatient visit, new	$68.90	$91.26	$94.83	$94.84	$98.54	$83.60	$86.87
99213	Office/outpatient visit, est	$24.00	$51.22	$52.18	$53.23	$54.22	$46.92	$47.80
	Hospital Visit							
99222	Initial hospital care	$73.20	$152.80	$156.36	$158.84	$162.46	$139.95	$143.22
99232	Subsequent hospital care	$37.80	$63.25	$63.94	$65.73	$66.45	$57.94	$58.58
99283	Emergency dept visit	$44.60	$54.95	$61.00	$57.04	$63.40	$50.38	$55.89
99431	Initial care, normal newborn	$49.30	$81.02		$84.18		$74.20	
	Maternity Care							
59400	Obstetrical care	$1,088.56		$2,862.59		$2,947.65		$2,615.70
59510	Cesarean delivery	$1,088.62		$3,161.05		$3,254.98		$2,888.42
	Selected Procedures							
33533	CABG, arterial, single	$1,871.92		$4,335.71		$4,504.42		$3,937.47
71020	Chest x-ray	$25.98	$54.79	$25.17	$57.71	$26.52	$48.90	$22.47
	Vision Care							
92004	Eye exam, new patient	$57.79		$123.71		$129.02		$112.35
92014	Eye exam and treatment	$46.44		$87.10		$90.83		$79.10

Table 10.
Medi-Cal Physician Rates as a Proportion of Commercial PPOs:
PwC Database, 2000

CPT Code		Medi-Cal Office Rate	Los Angeles		San Francisco		Rest of State	
			Primary	Specialist	Primary	Specialist	Primary	Specialist
	Office Visit							
99203	Office/outpatient visit, new	$57.20	0.63	0.60	0.60	0.58	0.68	0.66
99204	Office/outpatient visit, new	$68.90	0.75	0.73	0.73	0.70	0.82	0.79
99213	Office/outpatient visit, est	$24.00	0.47	0.46	0.45	0.44	0.51	0.50
	Hospital Visit							
99222	Initial hospital care	$73.20	0.48	0.47	0.46	0.45	0.52	0.51
99232	Subsequent hospital care	$37.80	0.60	0.59	0.58	0.57	0.65	0.65
99283	Emergency dept visit	$44.60	0.81	0.73	0.78	0.70	0.89	0.80
99431	Initial care, normal newborn	$49.30	0.61		0.59		0.66	
	Maternity Care							
59400	Obstetrical care	$1,088.56		0.38		0.37		0.42
59510	Cesarean delivery	$1,088.62		0.34		0.33		0.38
	Selected Procedures							
33533	CABG, arterial, single	$1,871.92		0.43		0.42		0.48
71020	Chest x-ray	$25.98	0.47	1.03	0.45	0.98	0.53	1.16
	Vision Care							
92004	Eye exam, new patient	$57.79		0.47		0.45		0.51
92014	Eye exam and treatment	$46.44		0.53		0.51		0.59

We also analyzed data published by the Practice Management Information Corporation on PPO medical fees for the year 2000.[21] This annual publication reports the distribution of fees based on the 50th, 75th and 90th percentile of charges. It also provides geographic adjusters that match the Medicare regions.

We used the 75th percentile for our comparison to Medi-Cal rates because this level is closest to the 75th to 80th percentile level that is commonly used by commercial payers. Based on this comparison, Medi-Cal rates substantially lag behind commercial rates, ranging from 35 to 51 percent of the 75th percentile rate for the high-volume codes. Tables 11 and 12 present these payment rates and comparisons to Medi-Cal.

We contacted four major commercial plans in California and found that two had adopted the Medicare RBRVS as their PPO payment schedule. Interestingly, the reimbursement was at 90 to 100 percent of the geographically adjusted RBRVS, not above it, as has been reported in earlier studies. These payment levels, which may reflect health plan efforts to maintain competitive

premium rates, mean that the comparison to Medi-Cal fee-for-service rates is similar to the results already reported for Medicare in chapter four. Since not all the major commercial insurers responded, we are somewhat cautious in extrapolating that finding to the majority of people insured through commercial PPOs.

We did not obtain comparable information for commercial HMO health plans. Although HMO plans are the dominant form of commercial insurance in California, fee schedules are difficult to obtain or are not relevant for HMOs that usually capitate physician services to medical groups and Individual Practice Associations (IPAs). HMOs that capitate medical groups delegate physician payment decisions to those groups. Various groups will make different decisions regarding physician payment: some may adopt a single payment schedule for all similar products; others vary payment by health plan and product. Risk sharing arrangements and overall profitability also vary by group and can have a substantial impact on the final effective fee schedule. Some large medical groups have salaried physicians; therefore, physician fee schedules are not directly relevant. It is likely that a comparison of the Medi-Cal fee-for-service fee schedule to the fee schedule adopted by medical groups and IPAs would produce different results than the comparison to commercial PPO payment rates. However, because the physician payment decision is delegated to the medical group, it is difficult to predict how the HMO payment levels would compare to PPO levels.

Table 11.
Medi-Cal Physician Rates Compared to Commercial PPOs:
75th Percentile, 2000

CPT Code		Medi-Cal Office Rate	Anaheim/ Santa Ana	Los Angeles	Marin/ Napa/ Solano	Oakland/ Berkeley
	Office Visit					
99203	Office/outpatient visit, new	$57.20	$125.95	$127.06	$116.48	$119.06
99204	Office/outpatient visit, new	$68.90	$184.32	$185.94	$170.46	$174.24
99213	Office/outpatient visit, est	$24.00	$69.63	$70.24	$64.40	$65.82
	Hospital Visit					
99222	Initial hospital care	$73.20	$189.44	$191.11	$175.20	$179.08
99232	Subsequent hospital care	$37.80	$90.11	$90.90	$83.34	$85.18
99283	Emergency dept visit	$44.60	$101.38	$102.27	$93.75	$95.83
99431	Initial care, normal newborn	$49.30	$136.19	$137.39	$125.95	$128.74
	Maternity Care					
59400	Obstetrical care	$1,088.56	$3,649.54	$3,681.61	$3,375.11	$3,449.95
59409	Obstetrical care	$544.28	$2,143.23	$2,162.07	$1,982.07	$2,026.02
59510	Cesarean delivery	$1,088.62	$4,142.08	$4,178.49	$3,830.62	$3,915.56
59514	Cesarean delivery only	$544.72	$2,513.92	$2,536.02	$2,324.89	$2,376.44
	Selected Procedures					
33533	CABG, arterial, single	$1,871.92	$7,021.57	$7,083.28	$6,493.58	$6,637.58
71020	Chest x-ray	$25.98	$33.79	$34.09	$31.25	$31.94
	Vision Care					
92004	Eye exam, new patient	$57.79	$182.27	$183.87	$168.57	$172.30
92014	Eye exam and treatment	$46.44	$134.14	$135.32	$124.06	$126.81

Table 11 (continued).
Medi-Cal Physician Rates Compared to Commercial PPOs:
75th Percentile, 2000

CPT Code		Medi-Cal Office Rate	San Francisco	San Mateo	Santa Clara	Ventura	Rest of California
	Office Visit						
99203	Office/outpatient visit, new	$57.20	$124.35	$122.51	$122.63	$117.83	$112.67
99204	Office/outpatient visit, new	$68.90	$181.98	$179.28	$179.46	$172.44	$164.88
99213	Office/outpatient visit, est	$24.00	$68.75	$67.73	$67.80	$65.14	$62.29
	Hospital Visit						
99222	Initial hospital care	$73.20	$187.04	$184.26	$184.45	$177.23	$169.46
99232	Subsequent hospital care	$37.80	$88.97	$87.65	$87.74	$84.30	$80.61
99283	Emergency dept visit	$44.60	$100.09	$98.60	$98.70	$94.84	$90.68
99431	Initial care, normal newborn	$49.30	$134.46	$132.47	$132.60	$127.41	$121.83
	Maternity Care						
59400	Obstetrical care	$1,088.56	$3,603.20	$3,549.74	$3,553.31	$3,414.31	$3,264.62
59409	Obstetrical care	$544.28	$2,116.02	$2,084.63	$2,086.72	$2,005.09	$1,917.19
59510	Cesarean delivery	$1,088.62	$4,089.50	$4,028.82	$4,032.87	$3,875.11	$3,705.22
59514	Cesarean delivery only	$544.72	$2,482.01	$2,445.18	$2,447.64	$2,351.89	$2,248.78
	Selected Procedures						
33533	CABG, arterial, single	$1,871.92	$6,932.43	$6,829.57	$6,836.43	$6,569.01	$6,281.01
71020	Chest x-ray	$25.98	$33.36	$32.87	$32.90	$31.61	$30.23
	Vision Care						
92004	Eye exam, new patient	$57.79	$179.96	$177.29	$177.47	$170.52	$163.05
92014	Eye exam and treatment	$46.44	$132.44	$130.48	$130.61	$125.50	$120.00

Table 12.
Medi-Cal Physician Rates as a Proportion of Commercial PPOs:
75th Percentile, 2000

CPT Code		Medi-Cal Office Rate	Anaheim/ Santa Ana	Los Angeles	Marin/ Napa/Solano	Oakland/ Berkeley
	Office Visit					
99203	Office/outpatient visit, new	$57.20	0.45	0.45	0.49	0.48
99204	Office/outpatient visit, new	$68.90	0.37	0.37	0.40	0.40
99213	Office/outpatient visit, est	$24.00	0.34	0.34	0.37	0.36
	Hospital Visit					
99222	Initial hospital care	$73.20	0.39	0.38	0.42	0.41
99232	Subsequent hospital care	$37.80	0.42	0.42	0.45	0.44
99283	Emergency dept visit	$44.60	0.44	0.44	0.48	0.47
99431	Initial care, normal newborn	$49.30	0.36	0.36	0.39	0.38
	Maternity Care					
59400	Obstetrical care	$1,088.56	0.30	0.30	0.32	0.32
59409	Obstetrical care	$544.28	0.25	0.25	0.27	0.27
59510	Cesarean delivery	$1,088.62	0.26	0.26	0.28	0.28
59514	Cesarean delivery only	$544.72	0.22	0.21	0.23	0.23
	Selected Procedures					
33533	CABG, arterial, single	$1,871.92	0.27	0.26	0.29	0.28
71020	Chest x-ray	$25.98	0.77	0.76	0.83	0.81
	Vision Care					
92004	Eye exam, new patient	$57.79	0.32	0.31	0.34	0.34
92014	Eye exam and treatment	$46.44	0.35	0.34	0.37	0.37

Table 12 (continued).
Medi-Cal Physician Rates as a Proportion of Commercial PPOs:
75th Percentile, 2000

CPT Code		Medi-Cal Office Rate	San Francisco	San Mateo	Santa Clara	Ventura	Rest of California
	Office Visit						
99203	Office/outpatient visit, new	$57.20	0.46	0.47	0.47	0.49	0.51
99204	Office/outpatient visit, new	$68.90	0.38	0.38	0.38	0.40	0.42
99213	Office/outpatient visit, est	$24.00	0.35	0.35	0.35	0.37	0.39
	Hospital Visit						
99222	Initial hospital care	$73.20	0.39	0.40	0.40	0.41	0.43
99232	Subsequent hospital care	$37.80	0.42	0.43	0.43	0.45	0.47
99283	Emergency dept visit	$44.60	0.45	0.45	0.45	0.47	0.49
99431	Initial care, normal newborn	$49.30	0.37	0.37	0.37	0.39	0.40
	Maternity Care						
59400	Obstetrical care	$1,088.56	0.30	0.31	0.31	0.32	0.33
59409	Obstetrical care	$544.28	0.26	0.26	0.26	0.27	0.28
59510	Cesarean delivery	$1,088.62	0.27	0.27	0.27	0.28	0.29
59514	Cesarean delivery only	$544.72	0.22	0.22	0.22	0.23	0.24
	Selected Procedures						
33533	CABG, arterial, single	$1,871.92	0.27	0.27	0.27	0.28	0.30
71020	Chest x-ray	$25.98	0.78	0.79	0.79	0.82	0.86
	Vision Care						
92004	Eye exam, new patient	$57.79	0.32	0.33	0.33	0.34	0.35
92014	Eye exam and treatment	$46.44	0.35	0.36	0.36	0.37	0.39

VII. Conclusion

Medi-Cal payment rates continue to lag significantly behind those of other payers in California in spite of the August 2000 Medi-Cal rates increase. On average, Medi-Cal fee-for-service rates are low relative to Medicare, although some of this difference disappears for physicians who provide primary care services to children or who practice in an emergency room or community clinic setting. Not surprisingly, many of the Medi-Cal managed care plans and Healthy Families programs have based their fee schedules on the Medi-Cal fee-for-service rates and match or slightly exceed the Medi-Cal payment level. However, some plans have established payment arrangements that significantly exceed the Medi-Cal fee schedule. One plan reported payments for primary care services that are 100 percent of billed charges, and others reported payments ranging up to 200 percent of the Medi-Cal fee schedule.

It is in the comparison to the private insurance sector, however, that the greatest differences appear. In this market, Medi-Cal fee-for-service payment levels range from approximately 35 to 60 percent of the commercial fee schedule for PPO plans. To the extent that commercial payers use the Medicare RBRVS fee schedule, the recent Medi-Cal fee increases have improved the relative payment levels.

Over half of the fee-for-service Medi-Cal beneficiaries are children with special needs and individuals in the aged and disabled aid categories. These groups have a higher level of need and service utilization and there is concern that payment levels need to remain adequate to assure access to care. The Medi-Cal fee schedule is also important in setting the Medi-Cal managed care capitation rates. It is used to derive the fee-for-service equivalent cost that establishes the upper payment limit for Medi-Cal managed care rate setting and serves as a benchmark for physicians in evaluating the amount that they are paid by the health plans. Therefore, the Medi-Cal physician fee-schedule is a factor in maintaining an adequate network for beneficiaries in the Medi-Cal managed care plans. Only by continuing to monitor and compare the Medi-Cal fee-for-service payment levels to the rates of other California payers will we know whether Medi-Cal maintains, or even improves, its relative payment levels.

Appendices

A. Medi-Cal FFS Payment Levels Compared to California Medicare Payment Levels, 2000

B. Medi-Cal FFS Payment Levels as a Percentage of California Medicare Payment Levels, 2000

C. Medi-Cal FFS Payment Levels Compared to Commercial Payers: PwC Model, 2000

D. Medi-Cal FFS Payment Levels Compared to Commercial Payers: PwC Model, 2000

E. Medi-Cal FFS Payment Levels Compared to Commercial Payers: 75th Percentile, 2000

F. Medi-Cal FFS Payment Levels Compared to Commercial Payers: 75th Percentile, 2000

Appendix A. Medi-Cal FFS Payment Levels Compared to California Medicare Payment Levels, 2000

CPT Code		Medi-Cal Office Rate	CY 2000 Medicare Resource Based Relative Value Scale Payment Level*									
			National Average	Anaheim/ Santa Ana	Los Angeles	Marin/Napa/ Solano	Oakland/ Berkley	San Francisco	San Mateo	Santa Clara	Ventura	Rest of California
99203	Office/outpatient visit, new	$57.20	$88.97	$97.48	$98.71	$94.82	$97.40	$102.57	$100.66	$100.94	$94.46	$90.20
99204	Office/outpatient visit, new	$68.90	$128.51	$140.57	$142.38	$136.81	$140.54	$147.87	$145.10	$145.58	$136.37	$130.34
99213	Office/outpatient visit, est	$24.00	$47.23	$52.20	$52.84	$50.87	$52.27	$55.20	$54.16	$54.26	$50.56	$48.15
99222	Initial hospital care	$73.20	$115.70	$124.64	$126.41	$121.36	$124.60	$130.26	$127.84	$128.60	$121.49	$116.92
99232	Subsequent hospital care	$37.80	$56.02	$60.20	$61.06	$58.61	$60.17	$62.84	$61.67	$62.06	$58.71	$56.56
99283	Emergency dept visit	$44.60	$64.07	$68.26	$69.25	$66.27	$68.00	$70.85	$69.55	$70.04	$66.53	$64.23
99431	Initial care, normal newborn	$49.30	$75.42	$82.69	$83.75	$80.55	$82.75	$87.11	$85.48	$85.75	$80.24	$76.66
11721	Debride nail, 6 or more	$33.13	$41.37	$45.71	$46.24	$44.40	$45.62	$48.23	$47.33	$47.39	$44.13	$41.96
29881	Knee arthroscopy/surgery	$551.00	$618.04	$681.94	$689.78	$661.31	$679.36	$718.40	$705.11	$705.71	$657.33	$624.57
33533	CABG, arterial, single	$1,871.92	$2,009.36	$2,204.50	$2,230.00	$2,133.61	$2,191.16	$2,313.69	$2,271.24	$2,274.12	$2,123.75	$2,020.60
43239	Upper GI endoscopy, biopsy	$234.18	$244.21	$273.44	$276.43	$265.98	$273.42	$290.45	$284.99	$284.80	$263.39	$249.12
66984	Cataract surg w/iol, i stage	$1,005.21	$747.65	$826.68	$836.68	$804.92	$827.15	$873.93	$857.51	$858.89	$799.93	$761.20
59025	Fetal non-stress test	$22.80	$42.11	$46.26	$46.79	$44.77	$45.98	$48.57	$47.68	$47.73	$44.54	$42.35
59400	Obstetrical care	$1,088.56	$1,452.10	$1,576.60	$1,597.00	$1,530.30	$1,571.30	$1,650.13	$1,619.65	$1,625.78	$1,528.14	$1,463.01
59409	Obstetrical care	$544.28	$812.82	$878.70	$890.35	$852.76	$875.47	$917.81	$900.89	$904.92	$852.59	$817.72
59510	Cesarean delivery	$1,088.62	$1,650.55	$1,791.86	$1,815.04	$1,739.17	$1,785.75	$1,875.29	$1,840.65	$1,847.63	$1,736.76	$1,662.78
59514	Cesarean delivery only	$544.72	$957.45	$1,034.40	$1,048.14	$1,003.76	$1,030.46	$1,080.07	$1,060.17	$1,065.00	$1,003.72	$962.87
70450	Ct head/brain w/o dye	$196.84	$228.10	$263.69	$265.78	$255.73	$263.11	$283.30	$277.98	$276.20	$250.96	$233.66
71020	Chest x-ray	$25.98	$35.88	$40.98	$41.34	$39.75	$40.88	$43.82	$43.00	$42.80	$39.14	$36.64
76092	Mammogram, screening	$67.50	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
76805	Echo exam of pregnant uterus	$94.32	$134.37	$152.65	$154.08	$148.15	$152.34	$162.90	$159.85	$159.28	$146.08	$137.11
90804	Psytx, office, 20-30 min	$29.18	$61.88	$66.45	$67.42	$64.78	$66.51	$69.41	$68.11	$68.57	$64.92	$62.61
90805	Psytx, off, 20-30 min w/e&m	$32.98	$69.20	$74.14	$75.23	$72.24	$74.16	$77.33	$75.89	$76.43	$72.44	$69.91
90806	Psytx, off, 45-50 min	$46.44	$94.83	$101.75	$103.25	$99.18	$101.82	$106.23	$104.24	$104.97	$99.41	$95.89
90807	Psytx, off, 45-50 min w/e&m	$49.22	$100.69	$107.82	$109.43	$105.12	$107.92	$112.48	$110.38	$111.19	$105.43	$101.80
97140	Manual therapy	$22.21	$26.73	$29.14	$29.52	$28.36	$29.12	$30.60	$30.03	$30.15	$28.29	$27.07
93000	Electrocardiogram, complete	$24.60	$28.92	$33.11	$33.40	$32.12	$33.04	$35.44	$34.77	$34.60	$31.61	$29.57
93307	Echo exam of heart	$150.10	$213.46	$246.10	$248.11	$238.71	$245.59	$264.14	$259.19	$257.64	$234.43	$218.55
94010	Breathing capacity test	$24.60	$29.66	$33.98	$34.27	$32.97	$33.92	$36.39	$35.70	$35.53	$32.44	$30.34
94060	Evaluation of wheezing	$45.03	$57.12	$65.51	$66.07	$63.56	$65.38	$70.17	$68.86	$68.50	$62.51	$58.42
95904	Sense/mixed n conduction tst	$26.24	$31.49	$35.19	$35.57	$34.18	$35.14	$37.32	$36.62	$36.59	$33.86	$32.03
92004	Eye exam, new patient	$57.79	$105.45	$115.35	$116.85	$112.35	$115.41	$121.40	$119.13	$119.54	$111.99	$107.08
92014	Eye exam and treatment	$46.44	$77.25	$85.26	$86.31	$83.05	$85.34	$90.08	$88.39	$88.57	$82.58	$78.66
92525	Oral function evaluation	$73.47	$103.98	$114.70	$116.12	$111.75	$114.83	$121.18	$118.90	$119.15	$111.14	$105.90

*Transitional Non-facility RVUs

Appendix B. Medi-Cal FFS Payment Levels as a Percentage of California Medicare Payment Levels, 2000

CPT Code		Medi-Cal Office Rate	CY 2000 Medicare Resource Based Relative Value Scale Payment Level*									
			National Average	Anaheim/ Santa Ana	Los Angeles	Marin/Napa/ Solano	Oakland/ Berkley	San Francisco	San Mateo	Santa Clara	Ventura	Rest of California
99203	Office/outpatient visit, new	$57.20	0.64	0.59	0.58	0.60	0.59	0.56	0.57	0.57	0.61	0.63
99204	Office/outpatient visit, new	$68.90	0.54	0.49	0.48	0.50	0.49	0.47	0.47	0.47	0.51	0.53
99213	Office/outpatient visit, est	$24.00	0.51	0.46	0.45	0.47	0.46	0.43	0.44	0.44	0.47	0.50
99222	Initial hospital care	$73.20	0.63	0.59	0.58	0.60	0.59	0.56	0.57	0.57	0.60	0.63
99232	Subsequent hospital care	$37.80	0.67	0.63	0.62	0.64	0.63	0.60	0.61	0.61	0.64	0.67
99283	Emergency dept visit	$44.60	0.70	0.65	0.64	0.67	0.66	0.63	0.64	0.64	0.67	0.69
99431	Initial care, normal newborn	$49.30	0.65	0.60	0.59	0.61	0.60	0.57	0.58	0.57	0.61	0.64
11721	Debride nail, 6 or more	$33.13	0.80	0.72	0.72	0.75	0.73	0.69	0.70	0.70	0.75	0.79
29881	Knee arthroscopy/surgery	$551.00	0.89	0.81	0.80	0.83	0.81	0.77	0.78	0.78	0.84	0.88
33533	CABG, arterial, single	$1,871.92	0.93	0.85	0.84	0.88	0.85	0.81	0.82	0.82	0.88	0.93
43239	Upper GI endoscopy, biopsy	$234.18	0.96	0.86	0.85	0.88	0.86	0.81	0.82	0.82	0.89	0.94
66984	Cataract surg w/iol, i stage	$1,005.21	1.34	1.22	1.20	1.25	1.22	1.15	1.17	1.17	1.26	1.32
59025	Fetal non-stress test	$22.80	0.54	0.49	0.49	0.51	0.50	0.47	0.48	0.48	0.51	0.54
59400	Obstetrical care	$1,088.56	0.75	0.69	0.68	0.71	0.69	0.66	0.67	0.67	0.71	0.74
59409	Obstetrical care	$544.28	0.67	0.62	0.61	0.64	0.62	0.59	0.60	0.60	0.64	0.67
59510	Cesarean delivery	$1,088.62	0.66	0.61	0.60	0.63	0.61	0.58	0.59	0.59	0.63	0.65
59514	Cesarean delivery only	$544.72	0.57	0.53	0.52	0.54	0.53	0.50	0.51	0.51	0.54	0.57
70450	Ct head/brain w/o dye	$196.84	0.86	0.75	0.74	0.77	0.75	0.69	0.71	0.71	0.78	0.84
71020	Chest x-ray	$25.98	0.72	0.63	0.63	0.65	0.64	0.59	0.60	0.61	0.66	0.71
76805	Echo exam of pregnant uterus	$94.32	0.70	0.62	0.61	0.64	0.62	0.58	0.59	0.59	0.65	0.69
90804	Psytx, office, 20-30 min	$29.18	0.47	0.44	0.43	0.45	0.44	0.42	0.43	0.43	0.45	0.47
90805	Psytx, off, 20-30 min w/e&m	$32.98	0.48	0.44	0.44	0.46	0.44	0.43	0.43	0.43	0.46	0.47
90806	Psytx, off, 45-50 min	$46.44	0.49	0.46	0.45	0.47	0.46	0.44	0.45	0.44	0.47	0.48
90807	Psytx, off, 45-50 min w/e&m	$49.22	0.49	0.46	0.45	0.47	0.46	0.44	0.45	0.44	0.47	0.48
97140	Manual therapy	$22.21	0.83	0.76	0.75	0.78	0.76	0.73	0.74	0.74	0.79	0.82
93000	Electrocardiogram, complete	$24.60	0.85	0.74	0.74	0.77	0.74	0.69	0.71	0.71	0.78	0.83
93307	Echo exam of heart	$150.10	0.70	0.61	0.60	0.63	0.61	0.57	0.58	0.58	0.64	0.69
94010	Breathing capacity test	$24.60	0.83	0.72	0.72	0.75	0.73	0.68	0.69	0.69	0.76	0.81
94060	Evaluation of wheezing	$45.03	0.79	0.69	0.68	0.71	0.69	0.64	0.65	0.66	0.72	0.77
95904	Sense/mixed n conduction tst	$26.24	0.83	0.75	0.74	0.77	0.75	0.70	0.72	0.72	0.77	0.82
92004	Eye exam, new patient	$57.79	0.55	0.50	0.49	0.51	0.50	0.48	0.49	0.48	0.52	0.54
92014	Eye exam and treatment	$46.44	0.60	0.54	0.54	0.56	0.54	0.52	0.53	0.52	0.56	0.59
92525	Oral function evaluation	$73.47	0.71	0.64	0.63	0.66	0.64	0.61	0.62	0.62	0.66	0.69

*Transitional Non-facility RVUs

Appendix C. Medi-Cal FFS Payment Levels Compared to Commercial Payers: PwC Model, 2000

CPT Code		MediCal Office Rate	Los Angeles		Oakland		San Francisco		Rest of State	
			Primary	Specialist	Primary	Specialist	Primary	Specialist	Primary	Specialist
99203	Office/outpatient visit, new	$57.20	$91.26	$94.83	$90.14	$93.66	$94.84	$98.54	$83.60	$86.87
99204	Office/outpatient visit, new	$68.90	$91.26	$94.83	$90.14	$93.66	$94.84	$98.54	$83.60	$86.87
99213	Office/outpatient visit, est	$24.00	$51.22	$52.18	$50.59	$51.54	$53.23	$54.22	$46.92	$47.80
99222	Initial hospital care	$73.20	$152.80	$156.36	$150.98	$154.42	$158.84	$162.46	$139.95	$143.22
99232	Subsequent hospital care	$37.80	$63.25	$63.94	$62.47	$63.16	$65.73	$66.45	$57.94	$58.58
99283	Emergency dept visit	$44.60	$54.95	$61.00	$54.22	$60.26	$57.04	$63.40	$50.38	$55.89
99431	Initial care, normal newborn	$49.30	$81.02	$0.00	$80.01	$0.00	$84.18	$0.00	$74.20	$0.00
11721	Debride nail, 6 or more	$33.13	$200.20	$189.00	$196.51	$185.99	$207.38	$196.27	$181.20	$171.58
29881	Knee arthroscopy/surgery	$551.00	$0.00	$1,321.91	$0.00	$1,306.28	$0.00	$1,378.53	$0.00	$1,202.57
33533	CABG, arterial, single	$1,871.92	$0.00	$4,335.71	$0.00	$4,268.35	$0.00	$4,504.42	$0.00	$3,937.47
43239	Upper GI endoscopy, biopsy	$234.18	$517.15	$519.67	$509.76	$511.62	$537.95	$539.91	$470.55	$472.01
66984	Cataract surg w/iol, i stage	$1,005.21	$0.00	$1,607.94	$0.00	$1,581.64	$0.00	$1,669.11	$0.00	$1,454.47
59025	Fetal non-stress test	$22.80		$97.34		$95.75		$101.04		$88.33
59400	Obstetrical care	$1,088.56		$2,862.59		$2,806.89		$2,947.65		$2,615.70
59510	Cesarean delivery	$1,088.62		$3,161.05		$3,099.54		$3,254.98		$2,888.42
70450	Ct head/brain w/o dye	$196.84	$0.00	$286.83	$0.00	$283.26	$0.00	$302.17		$256.00
71020	Chest x-ray	$25.98	$54.79	$25.17	$54.10	$24.86	$57.71	$26.52	$48.90	$22.47
76092	Mammogram, screening	$67.50	$91.95	$66.38	$90.83	$65.55	$96.89	$69.93	$82.02	$59.25
76805	Echo exam of pregnant uterus	$94.32	$0.00	$162.75	$0.00	$160.76	$0.00	$171.49	$0.00	$145.28
85025	Automated hemogram	$10.11	$12.26	$14.47	$12.21	$14.41	$12.42	$14.66	$11.92	$14.07
90804	Psytx, office, 20-30 min	$29.18	$0.00	$127.94	$0.00	$126.26	$0.00	$133.42	$0.00	$116.20
90805	Psytx, off, 20-30 min w/e&m	$32.98	$0.00	$127.94	$0.00	$126.26	$0.00	$133.42	$0.00	$116.20
90806	Psytx, off, 45-50 min	$46.44	$0.00	$127.94	$0.00	$126.26	$0.00	$133.42	$0.00	$116.20
90807	Psytx, off, 45-50 min w/e&m	$49.22	$0.00	$127.94	$0.00	$126.26	$0.00	$133.42	$0.00	$116.20
97140	Manual therapy	$22.21	$31.22	$31.42	$30.87	$31.00	$32.62			
93000	Electrocardiogram, complete	$24.60	$35.50	$25.00	$35.03	$24.67	$37.01	$26.07	$32.24	$22.72
93307	Echo exam of heart	$150.10	$0.00	$191.30	$0.00	$188.85	$0.00		$0.00	
94010	Breathing capacity test	$24.60	$39.22	$49.06	$38.69	$48.42	$40.88	$51.16	$35.60	$44.55
94060	Evaluation of wheezing	$45.03	$39.22	$49.06	$38.69	$48.42	$40.88	$51.16	$35.60	$44.55
95904	Sense/mixed n conduction tst	$26.24	$0.00	$89.16	$0.00	$87.97	$0.00	$92.95	$0.00	$80.96
92004	Eye exam, new patient	$57.79		$123.71		$122.10		$129.02		$112.35
92014	Eye exam and treatment	$46.44		$87.10		$85.95		$90.83		$79.10
92525	Oral function evaluation	$73.47	$0.00	$88.41	$0.00	$86.50	$0.00			

Appendix D. Medi-Cal FFS Payment Levels Compared to Commercial Payers: PwC Model, 2000

CPT Code		MediCal Office Rate	Los Angeles		Oakland		San Francisco		Rest of State	
			Primary	Specialist	Primary	Specialist	Primary	Specialist	Primary	Specialist
99203	Office/outpatient visit, new	$57.20	0.63	0.60	0.63	0.61	0.60	0.58	0.68	0.66
99204	Office/outpatient visit, new	$68.90	0.75	0.73	0.76	0.74	0.73	0.70	0.82	0.79
99213	Office/outpatient visit, est	$24.00	0.47	0.46	0.47	0.47	0.45	0.44	0.51	0.50
99222	Initial hospital care	$73.20	0.48	0.47	0.48	0.47	0.46	0.45	0.52	0.51
99232	Subsequent hospital care	$37.80	0.60	0.59	0.61	0.60	0.58	0.57	0.65	0.65
99283	Emergency dept visit	$44.60	0.81	0.73	0.82	0.74	0.78	0.70	0.89	0.80
99431	Initial care, normal newborn	$49.30	0.61		0.62		0.59		0.66	
11721	Debride nail, 6 or more	$33.13	0.17	0.18	0.17	0.18	0.16	0.17	0.18	0.19
29881	Knee arthroscopy/surgery	$551.00		0.42		0.42		0.40		0.46
33533	CABG, arterial, single	$1,871.92		0.43		0.44		0.42		0.48
43239	Upper GI endoscopy, biopsy	$234.18	0.45	0.45	0.46	0.46	0.44	0.43	0.50	0.50
66984	Cataract surg w/iol, i stage	$1,005.21		0.63		0.64		0.60		0.69
59025	Fetal non-stress test	$22.80		0.23		0.24		0.23		0.26
59400	Obstetrical care	$1,088.56		0.38		0.39		0.37		0.42
59510	Cesarean delivery	$1,088.62		0.34		0.35		0.33		0.38
70450	Ct head/brain w/o dye	$196.84		0.69		0.69		0.65		0.77
71020	Chest x-ray	$25.98	0.47	1.03	0.48	1.05	0.45	0.98	0.53	1.16
76092	Mammogram, screening	$67.50	0.73	1.02	0.74	1.03	0.70	0.97	0.82	1.14
76805	Echo exam of pregnant uterus	$94.32		0.58		0.59		0.55		0.65
85025	Automated hemogram	$10.11	0.82	0.70	0.83	0.70	0.81	0.69	0.85	0.72
90804	Psytx, office, 20-30 min	$29.18		0.23		0.23		0.22		0.25
90805	Psytx, off, 20-30 min w/e&m	$32.98		0.26		0.26		0.25		0.28
90806	Psytx, off, 45-50 min	$46.44		0.36		0.37		0.35		0.40
90807	Psytx, off, 45-50 min w/e&m	$49.22		0.38		0.39		0.37		0.42
97140	Manual therapy	$22.21	0.71	0.71	0.72	0.72	0.68			
93000	Electrocardiogram, complete	$24.60	0.69	0.98	0.70	1.00	0.66	0.94	0.76	1.08
93307	Echo exam of heart	$150.10		0.78		0.79				
94010	Breathing capacity test	$24.60	0.63	0.50	0.64	0.51	0.60	0.48	0.69	0.55
94060	Evaluation of wheezing	$45.03	1.15	0.92	1.16	0.93	1.10	0.88	1.26	1.01
95904	Sense/mixed n conduction tst	$26.24		0.29		0.30		0.28		0.32
92004	Eye exam, new patient	$57.79		0.47		0.47		0.45		0.51
92014	Eye exam and treatment	$46.44		0.53		0.54		0.51		0.59
92525	Oral function evaluation	$73.47		0.83		0.85				

Appendix E. Medi-Cal FFS Payment Levels Compared to Commercial Payers: 75th Percentile, 2000

CPT Code		MediCal Office Rate	Anaheim/ Santa Ana	Los Angeles	Marin/Napa/ Solano	Oakland/ Berkeley	San Francisco	San Mateo	Santa Clara	Ventura	Rest of California
99203	Office/outpatient visit, new	$57.20	$125.95	$127.06	$116.48	$119.06	$124.35	$122.51	$122.63	$117.83	$112.67
99204	Office/outpatient visit, new	$68.90	$184.32	$185.94	$170.46	$174.24	$181.98	$179.28	$179.46	$172.44	$164.88
99213	Office/outpatient visit, est	$24.00	$69.63	$70.24	$64.40	$65.82	$68.75	$67.73	$67.80	$65.14	$62.29
99222	Initial hospital care	$73.20	$189.44	$191.11	$175.20	$179.08	$187.04	$184.26	$184.45	$177.23	$169.46
99232	Subsequent hospital care	$37.80	$90.11	$90.90	$83.34	$85.18	$88.97	$87.65	$87.74	$84.30	$80.61
99283	Emergency dept visit	$44.60	$101.38	$102.27	$93.75	$95.83	$100.09	$98.60	$98.70	$94.84	$90.68
99431	Initial care, normal newborn	$49.30	$136.19	$137.39	$125.95	$128.74	$134.46	$132.47	$132.60	$127.41	$121.83
11721	Debride nail, 6 or more	$33.13	$101.38	$102.27	$93.75	$95.83	$100.09	$98.60	$98.70	$94.84	$90.68
29881	Knee arthroscopy/surgery	$551.00	$2,138.11	$2,156.90	$1,977.34	$2,021.18	$2,110.97	$2,079.65	$2,081.74	$2,000.30	$1,912.61
33533	CABG, arterial, single	$1,871.92	$7,021.57	$7,083.28	$6,493.58	$6,637.58	$6,932.43	$6,829.57	$6,836.43	$6,569.01	$6,281.01
43239	Upper GI endoscopy, biopsy	$234.18	$608.26	$613.60	$562.52	$574.99	$600.53	$591.62	$592.22	$569.05	$544.10
66984	Cataract surg w/iol, i stage	$1,005.21	$2,653.18	$2,676.50	$2,453.68	$2,508.09	$2,619.50	$2,580.64	$2,583.23	$2,482.18	$2,373.36
59025	Fetal non-stress test	$22.80	$84.99	$85.74	$78.60	$80.34	$83.91	$82.67	$82.75	$79.51	$76.03
59400	Obstetrical care	$1,088.56	$3,649.54	$3,681.61	$3,375.11	$3,449.95	$3,603.20	$3,549.74	$3,553.31	$3,414.31	$3,264.62
59409	Obstetrical care	$544.28	$2,143.23	$2,162.07	$1,982.07	$2,026.02	$2,116.02	$2,084.63	$2,086.72	$2,005.09	$1,917.19
59510	Cesarean delivery	$1,088.62	$4,142.08	$4,178.49	$3,830.62	$3,915.56	$4,089.50	$4,028.82	$4,032.87	$3,875.11	$3,705.22
59514	Cesarean delivery only	$544.72	$2,513.92	$2,536.02	$2,324.89	$2,376.44	$2,482.01	$2,445.18	$2,447.64	$2,351.89	$2,248.78
70450	Ct head/brain w/o dye	$196.84	$625.66	$631.16	$578.62	$591.45	$617.72	$608.56	$609.17	$585.34	$559.68
71020	Chest x-ray	$25.98	$33.79	$34.09	$31.25	$31.94	$33.36	$32.87	$32.90	$31.61	$30.23
76092	Mammogram, screening	$67.50	$185.34	$186.97	$171.41	$175.21	$182.99	$180.28	$180.46	$173.40	$165.80
76805	Echo exam of pregnant uterus	$94.32	$388.10	$391.51	$358.91	$366.87	$383.17	$377.48	$377.86	$363.08	$347.16
85025	Automated hemogram	$10.11	$40.96	$41.32	$37.88	$38.72	$40.44	$39.84	$39.88	$38.32	$36.64
90804	Psytx, office, 20-30 min	$29.18	$117.76	$118.80	$108.91	$111.32	$116.27	$114.54	$114.66	$110.17	$105.34
90805	Psytx, off, 20-30 min w/e&m	$32.98	$129.02	$130.16	$119.32	$121.97	$127.39	$125.50	$125.62	$120.71	$115.42
90806	Psytx, off, 45-50 min	$46.44	$181.25	$182.84	$167.62	$171.34	$178.95	$176.29	$176.47	$169.57	$162.13
90807	Psytx, off, 45-50 min w/e&m	$49.22	$192.51	$194.20	$178.04	$181.98	$190.07	$187.25	$187.44	$180.10	$172.21
97140	Manual therapy	$22.21	$45.06	$45.45	$41.67	$42.59	$44.48	$43.82	$43.87	$42.15	$40.30
93000	Electrocardiogram, complete	$24.60	$57.34	$57.85	$53.03	$54.21	$56.62	$55.78	$55.83	$53.65	$51.30
93307	Echo exam of heart	$150.10	$434.18	$437.99	$401.53	$410.43	$428.66	$422.30	$422.73	$406.19	$388.38
94010	Breathing capacity test	$24.60	$62.46	$63.01	$57.77	$59.05	$61.67	$60.76	$60.82	$58.44	$55.88
94060	Evaluation of wheezing	$45.03	$117.76	$118.80	$108.91	$111.32	$116.27	$114.54	$114.66	$110.17	$105.34
95904	Sense/mixed n conduction tst	$26.24	$65.54	$66.11	$60.61	$61.95	$64.70	$63.74	$63.81	$61.31	$58.62
92004	Eye exam, new patient	$57.79	$182.27	$183.87	$168.57	$172.30	$179.96	$177.29	$177.47	$170.52	$163.05
92014	Eye exam and treatment	$46.44	$134.14	$135.32	$124.06	$126.81	$132.44	$130.48	$130.61	$125.50	$120.00
92525	Oral function evaluation	$73.47	$194.56	$196.27	$179.93	$183.92	$192.09	$189.24	$189.43	$182.02	$174.04

Appendix F. Medi-Cal FFS Payment Levels Compared to Commercial Payers: 75th Percentile, 2000

CPT Code		MediCal Office Rate	Anaheim/ Santa Ana	Los Angeles	Marin/Napa/ Solano	Oakland/ Berkeley	San Francisco	San Mateo	Santa Clara	Ventura	Rest of California
99203	Office/outpatient visit, new	$57.20	0.45	0.45	0.49	0.48	0.46	0.47	0.47	0.49	0.51
99204	Office/outpatient visit, new	$68.90	0.37	0.37	0.40	0.40	0.38	0.38	0.38	0.40	0.42
99213	Office/outpatient visit, est	$24.00	0.34	0.34	0.37	0.36	0.35	0.35	0.35	0.37	0.39
99222	Initial hospital care	$73.20	0.39	0.38	0.42	0.41	0.39	0.40	0.40	0.41	0.43
99232	Subsequent hospital care	$37.80	0.42	0.42	0.45	0.44	0.42	0.43	0.43	0.45	0.47
99283	Emergency dept visit	$44.60	0.44	0.44	0.48	0.47	0.45	0.45	0.45	0.47	0.49
99431	Initial care, normal newborn	$49.30	0.36	0.36	0.39	0.38	0.37	0.37	0.37	0.39	0.40
11721	Debride nail, 6 or more	$33.13	0.33	0.32	0.35	0.35	0.33	0.34	0.34	0.35	0.37
29881	Knee arthroscopy/surgery	$551.00	0.26	0.26	0.28	0.27	0.26	0.26	0.26	0.28	0.29
33533	CABG, arterial, single	$1,871.92	0.27	0.26	0.29	0.28	0.27	0.27	0.27	0.28	0.30
43239	Upper GI endoscopy, biopsy	$234.18	0.39	0.38	0.42	0.41	0.39	0.40	0.40	0.41	0.43
66984	Cataract surg w/iol, i stage	$1,005.21	0.38	0.38	0.41	0.40	0.38	0.39	0.39	0.40	0.42
59025	Fetal non-stress test	$22.80	0.27	0.27	0.29	0.28	0.27	0.28	0.28	0.29	0.30
59400	Obstetrical care	$1,088.56	0.30	0.30	0.32	0.32	0.30	0.31	0.31	0.32	0.33
59409	Obstetrical care	$544.28	0.25	0.25	0.27	0.27	0.26	0.26	0.26	0.27	0.28
59510	Cesarean delivery	$1,088.62	0.26	0.26	0.28	0.28	0.27	0.27	0.27	0.28	0.29
59514	Cesarean delivery only	$544.72	0.22	0.21	0.23	0.23	0.22	0.22	0.22	0.23	0.24
70450	Ct head/brain w/o dye	$196.84	0.31	0.31	0.34	0.33	0.32	0.32	0.32	0.34	0.35
71020	Chest x-ray	$25.98	0.77	0.76	0.83	0.81	0.78	0.79	0.79	0.82	0.86
76092	Mammogram, screening	$67.50	0.36	0.36	0.39	0.39	0.37	0.37	0.37	0.39	0.41
76805	Echo exam of pregnant uterus	$94.32	0.24	0.24	0.26	0.26	0.25	0.25	0.25	0.26	0.27
85025	Automated hemogram	$10.11	0.25	0.24	0.27	0.26	0.25	0.25	0.25	0.26	0.28
90804	Psytx, office, 20-30 min	$29.18	0.25	0.25	0.27	0.26	0.25	0.25	0.25	0.26	0.28
90805	Psytx, off, 20-30 min w/e&m	$32.98	0.26	0.25	0.28	0.27	0.26	0.26	0.26	0.27	0.29
90806	Psytx, off, 45-50 min	$46.44	0.26	0.25	0.28	0.27	0.26	0.26	0.26	0.27	0.29
90807	Psytx, off, 45-50 min w/e&m	$49.22	0.26	0.25	0.28	0.27	0.26	0.26	0.26	0.27	0.29
97140	Manual therapy	$22.21	0.49	0.49	0.53	0.52	0.50	0.51	0.51	0.53	0.55
93000	Electrocardiogram, complete	$24.60	0.43	0.43	0.46	0.45	0.43	0.44	0.44	0.46	0.48
93307	Echo exam of heart	$150.10	0.35	0.34	0.37	0.37	0.35	0.36	0.36	0.37	0.39
94010	Breathing capacity test	$24.60	0.39	0.39	0.43	0.42	0.40	0.40	0.40	0.42	0.44
94060	Evaluation of wheezing	$45.03	0.38	0.38	0.41	0.40	0.39	0.39	0.39	0.41	0.43
95904	Sense/mixed n conduction tst	$26.24	0.40	0.40	0.43	0.42	0.41	0.41	0.41	0.43	0.45
92004	Eye exam, new patient	$57.79	0.32	0.31	0.34	0.34	0.32	0.33	0.33	0.34	0.35
92014	Eye exam and treatment	$46.44	0.35	0.34	0.37	0.37	0.35	0.36	0.36	0.37	0.39
92525	Oral function evaluation	$73.47	0.38	0.37	0.41	0.40	0.38	0.39	0.39	0.40	0.42

Notes

[1] Hunt, S., Peters, L., and Saari, J. *Capitation Rates in the Medi-Cal Managed Care Program.* Medi-Cal Policy Institute: Oakland, CA. April 1999.

[2] Menges, Joel, C. Park, J. Babcock et al. *Comparing Physician and Dentist Fees Among Medicaid Programs.* Medi-Cal Policy Institute. Oakland, CA. May 2001.

[3] Medical Care Statistics Section. *Annual Statistical Report: Advance Data Calendar Year 1999.* Sacramento, CA. Personal Communication, Mary Cline.

[4] Legislative Analyst's Office. *A More Rational Approach to Setting Medi-Cal Physician Rates.* Sacramento, CA. February 1, 2001.

[5] Norton, Stephen. *Recent Trends in Medicaid Physician Fees. Assessing the New Federalism.* Discussion Paper 99-12. Urban Institute. Washington, D.C. September 1999.

[6] Hunt, S., Peters, L., and Saari, J. *Capitation Rates in the Medi-Cal Managed Care Program.* Medi-Cal Policy Institute. Oakland, CA. April 1999.

[7] Medical Care Statistics Section. *Annual Statistical Report: Advance Data Calendar Year 1999.* Sacramento, CA; Personal Communication, Mary Cline; and Legislative Analysts Office. *A More Rational Approach to Setting Medi-Cal Physician Rates.* Sacramento, CA. February 1, 2001.

[8] Physician Payment Review Commission. *Annual Report to Congress 1994.* Chapter 18: Access for Medicaid Beneficiaries, Table 18-1. Washington, D.C.

[9] Norton, Stephen. *Recent Trends in Medicaid Physician Fees. Assessing the New Federalism.* Discussion Paper 99-12. Urban Institute. Washington, D.C. September 1999.

[10] Hunt, S., Peters, L., and Saari, J. *Capitation Rates in the Medi-Cal Managed Care Program.* Medi-Cal Policy Institute. Oakland, CA. April 1999.

[11] Personal Communication, Provider Payment Unit.

[12] Personal Communication, Provider Payment Unit.

[13] Legislative Analyst's Office. *A More Rational Approach to Setting Medi-Cal Physician Rates.* Sacramento, CA. February 1, 2001.

[14] Menges J., C. Park, J. Babcock, L. Chimento, R. Haught, and S. Ho. *Comparing Physician and Dentist Fees Among Medicaid Programs.* Medi-Cal Policy Institute. Oakland, CA. June 2001.

[15] Norton, Steven. *Recent Trends in Medicaid Physician Fees,* 1993-1998. *Op cit.*

[16] The variation in the percentage difference from the national average is a result of differences in the way the Medicare payment levels are used. In this report, we use the Medicare payment levels for the nine separate Medicare geographic areas in California while DHS calculated statewide geographic factors that reflect a weighted average of the areas.

[17] Personal Communication. Emily Fishman, Rate Development Branch, CA Department of Health Services. March 21, 2001.

[18] The 1999 fee schedule is used because it is the base for the COHS plan actuarial cost models for the current contract period.

[19] Two plans did not provide Healthy Families rates: one of the COHS plans does not offer a Healthy Families product.

[20] Hunt, S., Peters, L., and Saari, J. *Capitation Rates in the Medi-Cal Managed Care Program. Op cit.*

[21] Practice Management Information Corporation. *Medical Fees in the United States, 2000.*