

SENATE BILL NO. 354  
INTRODUCED BY G. LIND

A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING AND CLARIFYING THE OPERATION OF THE MEDICAID REIMBURSEMENT CONVERSION FACTOR FOR PHYSICIANS; AND ALLOWING THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO ADOPT POLICY ADJUSTERS."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Definitions.** As used in [sections 1 through 3 4], the following definitions apply:

(1) "Conversion factor" means the ~~weighted~~ average of the conversion factors used by the ~~three insurers~~ TOP FIVE INSURERS OR THIRD-PARTY ADMINISTRATORS providing disability insurance to the most beneficiaries within the state IN JANUARY 2007 who use the resource-based relative value scale to determine fees for covered services. THIS JANUARY 2007 CONVERSION FACTOR IS APPLICABLE FOR STATE FISCAL YEARS 2008, 2009, 2010, 2011, 2012, AND 2013. IN STATE FISCAL YEAR 2014 AND FOR EACH STATE FISCAL YEAR THEREAFTER, THE CONVERSION FACTOR IS THE ~~WEIGHTED~~ AVERAGE OF THE CONVERSION FACTORS USED BY THE TOP FIVE INSURERS OR THIRD-PARTY ADMINISTRATORS PROVIDING DISABILITY INSURANCE TO THE MOST BENEFICIARIES WITHIN THE STATE WHO USE THE RESOURCE-BASED RELATIVE VALUE SCALE TO DETERMINE FEES FOR COVERED SERVICES.

(2) "Department" means the department of public health and human services.

(3) "Medicaid" means the Montana medical assistance program established under Title 53, chapter 6.

(4) "Physician" has the meaning provided in 37-3-102.

(5) "Policy adjuster" means a factor by which the fee determined under [section 2] is multiplied to increase the fee paid by medicaid for certain categories of services.

(6) "Relative value unit" means a numerical value assigned in the resource-based relative value scale to each procedure code used to bill for services provided by a physician.

(7) "Resource-based relative value scale" means the medicare resource-based relative value scale contained in the physician's medicare fee schedule adopted by the centers for medicare and medicaid services of the U.S. department of health and human services.

NEW SECTION. **Section 2. Physician services reimbursement.** (1) The fee for a covered service

provided by a physician under the medicaid program is determined by multiplying A PERCENTAGE OF the conversion factor times the relative value unit for that service TIMES ANY APPLICABLE POLICY ADJUSTERS.

(2) (A) FOR STATE FISCAL YEARS 2008 AND 2009, THE PERCENTAGE OF THE CONVERSION FACTOR WILL BE DETERMINED BY THE APPROPRIATION OF THE 2007 LEGISLATURE FOR PHYSICIAN REIMBURSEMENT.

(B) FOR STATE FISCAL YEAR 2010, THE 2009 PERCENTAGE OF THE CONVERSION FACTOR WILL BE INCREASED BY A MINIMUM OF 6%.

(C) FOR STATE FISCAL YEAR 2011, THE 2010 PERCENTAGE OF THE CONVERSION FACTOR WILL BE INCREASED BY A MINIMUM OF 6%.

(D) FOR STATE FISCAL YEAR 2012, THE 2011 PERCENTAGE OF THE CONVERSION FACTOR WILL BE INCREASED BY A MINIMUM OF 6%.

(E) FOR STATE FISCAL YEAR 2013, THE 2012 PERCENTAGE OF THE CONVERSION FACTOR WILL BE INCREASED BY A MINIMUM OF 6%.

(F) FOR STATE FISCAL YEAR 2014 AND FOR EACH STATE FISCAL YEAR THEREAFTER, THE PERCENTAGE OF THE CONVERSION FACTOR WILL BE EQUIVALENT, AT A MINIMUM, TO STATE FISCAL YEAR 2013.

NEW SECTION. SECTION 3. PROVIDING CONVERSION FACTORS TO DEPARTMENT. THE TOP FIVE INSURERS OR THIRD-PARTY ADMINISTRATORS SHALL PROVIDE THEIR STANDARD CONVERSION FACTORS TO THE DEPARTMENT, WHICH MAY BE USED ONLY FOR THE PURPOSE OF DETERMINING AVERAGE CONVERSION RATES AND WHICH MUST REMAIN CONFIDENTIAL.

NEW SECTION. Section 4. Rulemaking -- policy adjusters. The department may by rule adopt policy adjusters for certain categories of service. A policy adjuster may not be less than 1.

NEW SECTION. Section 5. Codification instruction. [Sections 1 through 3 4] are intended to be codified as an integral part of Title 53, chapter 6, part 1, and the provisions of Title 53, chapter 6, part 1, apply to [sections 1 through 3 4].

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