1. Provider Agreement Option

Under this option, a State would:

- Establish an agreement with the provider for services, and;

- Require under that agreement that the provider keep data that demonstrates the intent of the statute. The data should demonstrate that the bundled rate is economic and efficient as compared to the cost and utilization of the component services.

- The provider must collect and submit annually to the Medicaid agency the following:
  - Data showing the utilization of the individual Medicaid services included in the bundled payment stratified by practitioner and by beneficiary;
  - Practitioner-specific cost information; and
  - Cost information by type of service actually delivered under the bundled rate.

- Include the following language in the State plan on the appropriate 4-19.B pages:

  "The State Medicaid agency will have an agreement with each entity receiving payment for services as defined in Section 3.1-A that will require that the entity furnish to the Medicaid agency on an annual basis the following:

  a. data, by practitioner, on the utilization by Medicaid beneficiaries of the services included in the unit rate; and
  b. cost information by practitioner type and by type of service actually delivered within the service unit.

  Future rate updates will be based on information obtained from the providers."

- Provide the agreement language to CMS prior to approval of a SPA. However, approval of the SPA is not contingent upon CMS approval of the agreement. The ROs will ensure that the language has been included in the provider agreements and that the specified data is being provided to the state Medicaid agency on an annual basis.

The following questions will assist the State in thinking through this option.

- For each bundled (e.g. rehabilitation) service approved in _____, (multiple service bundles, daily, or weekly rates), please identify the individual Medicaid covered component services (i.e. the Title 1905(a) covered services) and the Medicaid qualified practitioners.

- Please provide a description of the rate methodology including sample calculations. This information should be provided for each service reimbursed at a 15 minute unit rate and as a bundled payment.

- Please identify the entity with which the Medicaid agency has an agreement for each service.

- Please include a sample of the provider agreement between the Medicaid Agency and the provider. Please be sure to include and explain all the documentation requirements that the Medicaid agency requires under the provider agreement. What type of utilization and expenditure data does the Medicaid agency require the provider to keep in order to meet contract requirements?

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