

## AHCCCS Physician Fee Schedule Update

**November 6, 2009**

### **Dear Phoenix Health Plan (PHP) Providers:**

PHP would like to clarify the issue of the 10-01-09 rate changes made by AHCCCS to the AHCCCS Physicians Fee Schedule and the subsequent changes to our PHP Fee Schedule.

AHCCCS makes an annual October Physician Fee Schedule update using the Center for Medicare/Medicaid Services (CMS) methodology in order to keep AHCCCS Medicaid rates in line with Medicare rates.

On September 1, 2009, according to law, AHCCCS issued a public notice, titled FFS Rate Update Effective October 1, 2009, which can be found on the AHCCCS website. Correspondingly, the October rate adjustment information can be found on the AHCCCS website at <http://www.azahcccs.gov/publicnotices/rates/rates.aspx>. The section on the Physicians Fee Schedule reads as below:

- The Physician Fee Schedule rates will be updated as follows:
  1. Laboratory and pathology rates, and DMEPOS rates, will be updated based on Medicare's corresponding fee schedules;
  2. Rates for drugs and injectibles will be updated based on Medicare's corresponding fee schedule, except that chemotherapy drugs will continue to be based on 85% of Average Wholesale Price;
  3. All other rates will be updated based on Medicare's Resource-Based Relative Value Schedule, using conversion factors that will produce AHCCCS claims budget neutral.

The estimated impact on AHCCCS Fee-For-Service expenditures for the period October 1, 2008 – September 30, 2009 is -0-%.

This reduction was not an across the board rate reduction like the one physicians saw in May 2009. In this process many rates remained unchanged and others increased or decreased according to the adjustment methodology as described above. The impact of

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these rate changes is intended to be budget neutral to the State. However, certain provider types may see net overall increases or decreases depending upon their customary service code billing array.

The new Schedule is available on the AHCCCS website at <http://www.azahcccs.gov/commercial/ProviderBilling/rates/Physicianrates/Physicianrates.aspx>

PHP has updated our Plan Fee Schedule to reflect these rate changes effective for dates of service 10-01-2009 and after.

If you have any questions regarding this information please contact your Provider Relations Representative directly or at the number below.

***THANK YOU***

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