

# PPS: the Prospective Payment System

What we Think we Know about it!



Dr Lynn Mouden  
Attorney, Ted Waters  
Mary Foley RDH  
Dr Mark Doherty

# What is the Prospective Payment System?

A Rate Payment per visit instead of a Fee for Service reimbursement for dental services provided

# Why?

To establish a payment for dental services that sets a minimal baseline reimbursement to protect Safety Net Practices from subsidizing The care of Medicaid patients

---

# Why do Safety Net Practices get this protection?

Because they already subsidize the care of uninsured patients living at or below 200% of Federal Poverty Level

100% FPL family of 4	\$23,550.00
200% FPL family of 4	\$47,100.00

## How is the rate determined?

There is a formula used that is set to represent each center's reasonable costs per visit rates in the preceding year.

- It is to be adjusted annually.
- It can be separate for dental .
- the FQHC has to agree to it.

# So, what is the problem?

PPS is

**“Not found as described”**

It is not standardized

It is not understood

It has been the root cause  
Of Safety Net Practices being  
audited and penalized

There is no guidance  
for the actual treatment  
expected

# Standardization Leads to Predictability

Standardization: a set of techniques used to remove the effects of **variables** when attempting to attain a goal or desired outcome.

Predictability: likelihood that something is certain to occur.





# VARIETY

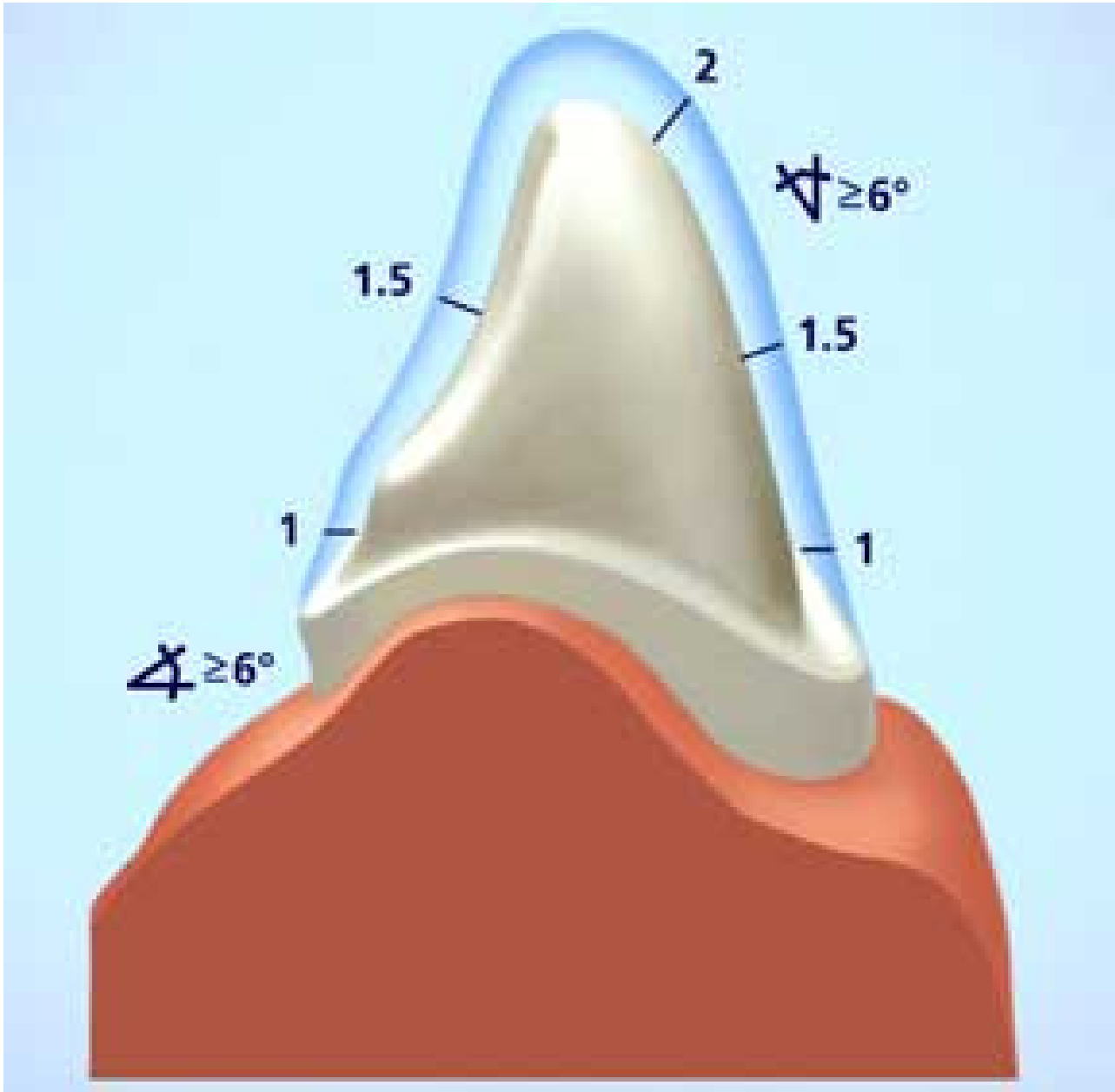
The spice of life







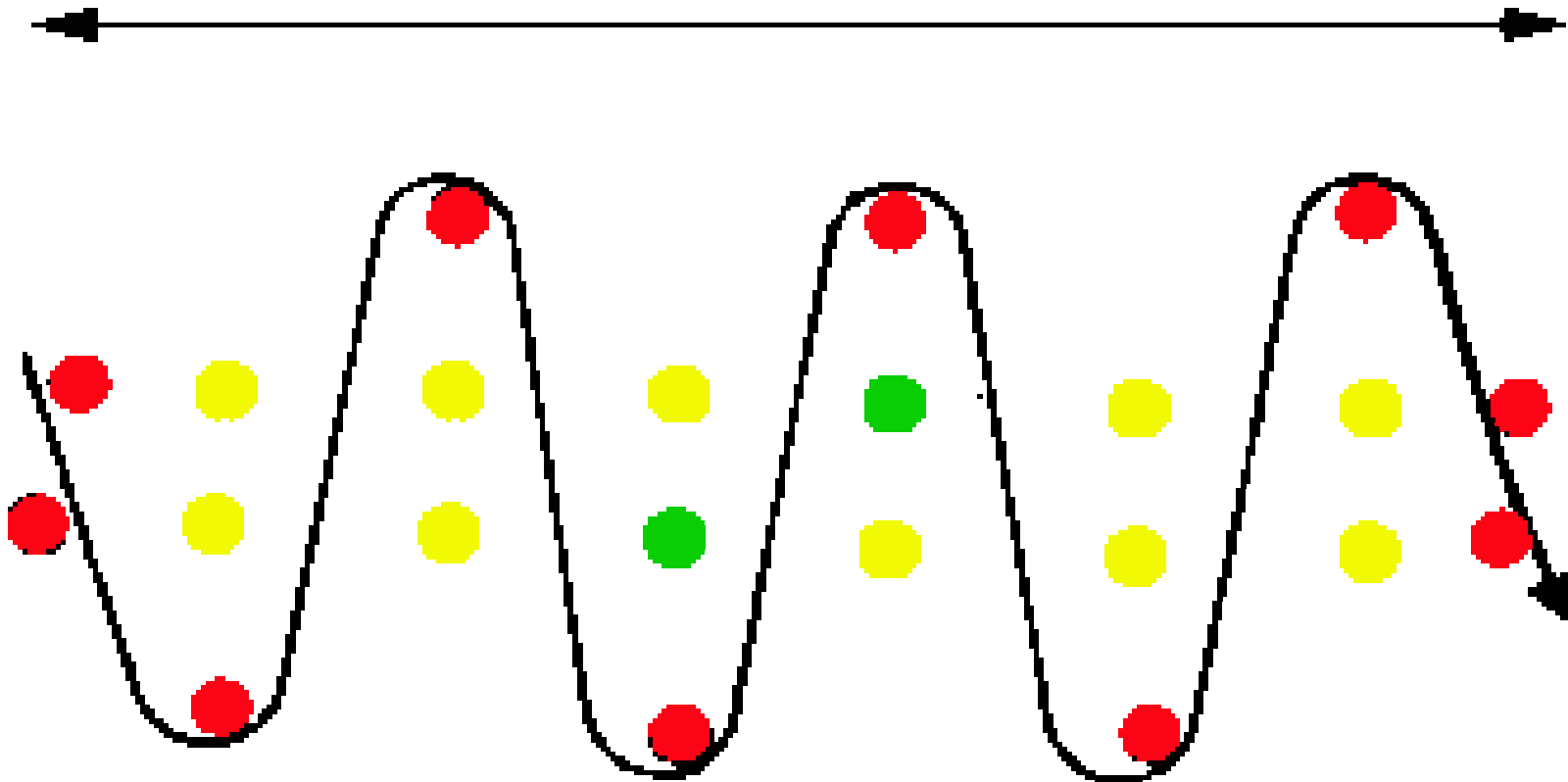








259 m







- 21 states use a PPS System; 12 use an alternative payment methodology, and 12 use both. 5 states of the 12 that use an alternative payment methodology use an APM other than reasonable cost.
- 20 states report the same PPS/APM rate is paid for all services (meaning primary care, dental, behavioral health). 24 states have more than 1 rate for the PPS.
- 14 states have a medical rate, 22 have dental rate, and 8 have a mental health rate
- In order to change the PPS , it can be changed for:
  - A change in the scope of service
  - A change in the MEI inflation
    - 16 states reported they have no definition of scope of service.
    - 12 states reported they don't have a rate adjustment process.

## PPS-the Encounter Rate

- Is not standardized
- Tremendous variability
- Rewards volume not performance
- Has promise