PPS: the Prospective Payment System

What we Think we Know about it!

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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

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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
• 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