



**EXERPT FROM A REPORT SENT
BY
ALTERNATIVE LINK
TO
HHS SECRETARY MICHAEL LEAVITT
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Comparing ABC Codes with Other Adopted Standard Codes

The program director for Alaska Medicaid's Behavioral Health Program wrote the following:

“During calendar year 2004, the Alaska Medical Assistance program processed over 360,000 claims for outpatient mental health rehabilitation services that were billed using the ABC codes. These rehabilitation services were rendered to over 4,000 recipients from our severely emotionally disturbed and severely mentally ill client population who might otherwise require institutionalized care...”

“The loss of the ABC code sets would cripple our current mental health system. Based on current regulations and code sets that would be available, professional staff would be required to deliver rehabilitation services that are currently being delivered by paraprofessional staff. Due to Alaska's limited number of professional providers, this would create significant wait lists. The need for hospitalization would also increase as a result of delays in, or lack of, treatment. Concurrently, the state's cost would increase.”

In each instance that Alaska Medicaid chose an ABC code over a CPT® or HCPCS II code, the agency documented why the ABC code better described the services and/or matched the legislative language governing the service described by an ABC code.

Comparing the Specific Cost of ABC Codes to Other Adopted Standard Code Sets

The following table provides documentation of the savings that Alaska Medicaid realized using five (5) ABC codes for paraprofessional services instead of using CPT® or HCPCS II codes.

Table 1. includes five (5) examples comparing the cost of ABC codes to HCPCS by transaction.



ABC CODING SOLUTIONS

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| Number of Electronic Claim Transactions | Documented ABC Code Used by the State | ABC Fee per Unit | Alaska Medicaid Payments (if one unit) | HCPCS Fee (Source Alaska Medicaid) Note 1a. | HCPCS Cost (including adjusted CPT time) | HCPCS Payments (if ABC codes not available) | ABC Savings Over HCPCS |
|---|--|------------------------|--|---|--|---|------------------------|
| 2,646 | CDABF - Family-involvement training family | \$12.50 per 15 minutes | \$33,075 | 90847 – Family psychotherapy | \$40.00 per 30 minutes @ 50% Note 1b. | \$52,920 | \$19,845 |
| 2,870 | CDBAP - Psychological testing brief assessment | \$12.50 per 15 minutes | \$35,875 | H0031 - Mental health assessment, by non-physician | \$21.25 per 15 minutes | \$60,988 | \$25,113 |
| 54,934 | CDACM - Coping skills development assistance | \$5.00 per 15 minutes | \$274,670 | 90804 – Individual psychotherapy, insight oriented, behavior modifying and/or supportive, in an office or outpatient facility | \$40.00 per 30 minutes @ 50% Note 1b. | \$1,098,680 | \$824,010 |
| 84,322 | CDAEQ - Social skills assistance group | \$7.50 per 15 minutes | \$632,415 | 90853 – Group psychotherapy | \$22.50 per 30 minutes @ 50% Note 1b. | \$948,623 | \$316,208 |
| 113,024 | CDAEP – Self responsibility education assistance | \$12.50 per 15 minutes | \$1,412,800 | 90804 – Individual psychotherapy, insight oriented, behavior modifying and/or supportive, in an office or outpatient facility | \$40.00 per 30 minutes @ 50% Note 1b. | \$2,260,480 | \$847,680 |
| 257,796 | | \$9.27 | \$2,388,835 | | \$17.15 | \$4,421,691 | \$2,032,856 |

Notes to Table 1

1a. The CPT® codes in the above table describe services that are the closest approximations to ABC codes used by Alaska Medicaid.

1b. The CPT® codes are for 30-minute time increments while the time increments for the ABC codes are 15 minutes. In order to provide a precise cost comparison by time, we have reduced the charges for the CPT® codes by 50% to reflect 15-minute time increments. While these time increments are not available in CPT®, a time-cost comparison does result in a quantifiable cost comparison. Alaska did not provide the number of units it billed per code. Table 1, therefore, assumes both ABC and HCPCS codes are billed for one unit of time.

1c. The average time-adjusted cost for HCPCS coded transactions is \$17.15. (See Table 1., bottom of “HCPCS Cost” column).

1d. Without using ABC codes, Alaska Medicaid would have experienced a minimum average increase of \$7.88 per claim transaction. (Table 1., bottom of “HCPCS Cost” column and “ABC Cost” column, $\$ 17.15 - \$ 9.27 = \7.88) per coded unit.

1e. Alaska Medicaid would have experienced a minimum cost increase of \$2,032,856 (Table 1., bottom of last column) if HCPCS codes were available for 15- vs. 30-minute time increments.

Summary

Alaska Medicaid was able to improve the efficiency and effectiveness of its health care system and ensure that benefits were available from electronic health care transactions using ABC codes to support paraprofessional care. Without ABC codes, the cost of professional vs. paraprofessional care to Alaska Medicaid’s population would have resulted in cost increases. Using ABC codes, the care was provided by paraprofessionals for less than \$2.4 million. The minimum net cost-benefit of using ABC codes to document and process payments for paraprofessional claims vs. professional claims was **over \$2 million dollars**.

Other improvements in business processes from electronic transactions available to Alaska Medicaid were attributable to using ABC codes. Alaska Medicaid’s Behavioral Health Program Director also documented other cost-savings that were not quantified.

“...both cost and time required for post-payment review would increase substantially for both providers and the state. This option [not having access to ABC codes] will require manual intervention on the part of providers to bill for these services and for the Medicaid program to reimburse them. Figures from providers across the state indicate that the cost to submit a paper claim is at least 10 times the cost of using EDI. Additionally, manual processing results in delayed payment to providers and the error rate for paper claim processing is greater. Cost to the state would rise significantly due to the additional time and labor that is required in processing these claims.”

This documentation is from Daniel Weigman, Director of Behavioral Health, Alaska Medicaid.

Saving in a New Mexico Medicare Advantage Plan

Bridges in Medicine¹ is a New Mexico PPO network of integrative medicine physicians and non-physician providers. Bridges in Medicine has used ABC codes for over seven years. Member providers have been submitting and receiving payment on over 7,000 claims.² Bridges in Medicine

¹ <http://www.bridgesinmedicine.com/bim/home/>

² Source: Bridges in Medicine: 2005 – 4,000 claims, 2004 – 2,300 claims, 2003 – 760 claims, 2002 – 330 claims, 2001 – 270 claims.



claims are submitted to a New Mexico Medicare Advantage plan. Without ABC codes, Bridges in Medicine provider services would not be covered under this health plan.

Lovelace Sandia Health Plan documented

- a list of ABC codes used,
- the relative value of each ABC code mapped to the relative values of the nearest CPT® and or HCPCS II codes,
- the Medicare fee schedule for each ABC code compared to the closest CPT® or HCPCS II fee (using the New Mexico Medicare conversion factor),
- the comparative cost of each coded service, and
- the percentage of cost-benefit of using each code.

There were 44 ABC codes that had a code cross to a CPT® or HCPCS II code with a relative value. Using ABC codes saved Lovelace Sandia 8.69% over fees that would have resulted if the health plan had used CPT® or HCPCS II codes (Lovelace Sandia determined that these codes did not clearly identify the services provided). There were 18 ABC codes that would only cross to an unlisted procedure in either CPT® or HCPCS II. Unlisted procedures require manual review and additional documentation. None of the ABC codes used by Lovelace Sandia were for unlisted procedure in the ABC code set.

By using ABC codes, Lovelace Sandia health plan was able to expand access to alternative medicine from approximately 500 seniors in 1999 (who paid \$5.00 per month to gain these benefits³) to over 21,000 seniors in 2005 (who do not pay the \$5.00 per month fees). The plan was able to establish rational fees for each ABC coded intervention and assess the cost benefits of using ABC codes as compared to CPT® and HCPCS II codes. Thus, senior access to alternative medicine expanded while costs were reduced using ABC codes.

³ In 1999, St. Joseph's HMO report that just over 500 seniors paid \$5 per month for access to Bridges in Medicine. In 2001, the HMO dropped the rider charge and open access to the 5,000 senior on its Medicare Advantage Plan. In 2002, St. Joseph's HMO and hospital were purchased by Ardent Health System and merged with the Lovelace Health Plan formerly owned by Cigna.