

# Provider Notice



## Rate Strategy Process Updates - Please Share

Magellan, in partnership with Bucks, Cambria, Lehigh, Montgomery, and Northampton Counties, have spent the better part of 2023 reviewing our provider rates strategy. In the last 18 months, all levels of care have had at least one sustained rate adjustment. Most levels of care, in addition to 2023 rate increases, received an additional 3% sustained rate increase that began on 10/1/23. Additionally, we set market rates for higher level of care programs such as AIP, RTF, and PHP. These rate adjustments/market rates have been aligned so that providers are at the same rate within their county and/or within the Magellan PAHC network(s). Value Based Models and performance metrics are aligned with expected outcomes to ensure that providers that are excelling can earn additional dollars.

Moving into 2024, we are excited to share changes to our strategy that establish guidelines and predictable timelines for rate determinations. Magellan and our county partners have committed to an approach that allows for annual increases across levels of care/services.

Our strategy has been revised with the following tenants in mind:

- **Sustainability:** Rate increases must be able to be supported by available county capitation funding. Capitation rates are set annually by the state of Pennsylvania, based on county-specific information. For this reason, escalators and large percentage increases for a service or level of care, generally cannot be entertained. Existing rate setting activities for MA fee-for-service, XYZ and ASAM will be leveraged for consistency and transparency.
- **Equitability:** Rates will be standardized across providers within levels of care and/or counties. Exceptions to this approach will be for providers that are already higher due to value-based rate enhancements or for an approved specialty service or when county-specific demands require.
- **Predictability:** Rate increase decisions will occur during the fourth quarter of each calendar year. This will allow providers to plan routinely.

- **Value:** Rates that are higher than standardized rates will generally, be based on performance metrics through Value- and Performance-Based Payment models.

What does this mean for Magellan providers?

- The priority for rate increase decisions will be focused on implementing annual cost of living increases across full levels of care. These increases will occur, via amendments and/or fee schedule changes during the fourth quarter of the year with effective date of January 1 of the upcoming year.
- **Provider-specific rate increase requests can be submitted at any time throughout the calendar year.** Providers are encouraged to submit requests early in the year as requests will be used to help inform level of care or services that may require more than a cost-of-living increase.
- Decisions for **strategic** rate increases will generally not be made until close to the fourth quarter of the calendar year.
- To help us capture as much information as possible to evaluate requests, please ensure the specific information requested via our rate increase mailbox response (email address is below) is supplied to allow for a thorough evaluation.
- Provider specific rate increase requests will be considered in the context of county priorities within a service and/or level of care and decisions will be communicated back to the provider upon discussion with the primary contractor(s).
  - Decisions to pend for review until fourth quarter or deny will be made within 60 days of the original request that must be submitted via:  
[ProviderRateIncreaseRequestsPAHealthChoices@magellanhealth.com](mailto:ProviderRateIncreaseRequestsPAHealthChoices@magellanhealth.com)
  - In the rare circumstance, when a provider may require a rate increase sooner than the 4th Quarter of the Calendar Year, and the County and Magellan approve, providers will be notified within 60 days of the decision. These requests are likely to only be considered upon provider instability and risk of service closure.

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