

DATE: Jan 13, 1999

FROM: June Gibbs Brown
Inspector General

SUBJECT: Chiropractic Services Covered by Medicare Managed Care Organizations (OEI-04-97-00494)

TO: Nancy-Ann Min DeParle
Administrator
Health Care Financing Administration

This report describes policies and practices for providing chiropractic services to Medicare enrollees in seven managed care organizations (MCOs). It was prepared in response to a request by Health Care Financing Administration (HCFA) staff.

BACKGROUND

We recently completed an inspection on controls over chiropractic services for Medicare and Medicaid beneficiaries (OEI-04-97-00490). As part of that inspection, we surveyed the 10 largest Medicare MCOs from 10 different States.

Seven of the 10 MCOs responded to our survey and provided information on their chiropractic policies and practices for Medicare beneficiaries. However, the seven MCOs did not respond in time for us to incorporate their data into our report on controls over chiropractic services. Further, only four of the seven provided utilization data showing the extent that they had provided chiropractic services for their Medicare enrollees for 1995 and 1996.

Following issuance of the report on controls over chiropractic services, HCFA staff requested that we provide them information on chiropractic services in the seven MCOs that responded to our survey. The seven MCOs represent a limited sample, and we do not present their policies and practices for providing chiropractic services as being representative of all MCOs. In order to project nationally, we would need to analyze a statistically projectable random sample. The HCFA staff, however, said that a report on the seven MCOs would enhance their understanding of MCO policies and practices for providing chiropractic services. They were particularly interested in comparing Medicare MCO and fee for service (FFS) utilization data.

SCOPE AND METHODOLOGY

This report is based largely on data provided by the seven MCOs that responded to our survey. We followed up survey responses and interviewed officials at each MCO, by telephone, to clarify policies and practices as appropriate. Four of the seven MCOs provided chiropractic

utilization data for 1995 and 1996. We compared this utilization data to that for FFS organizations. We obtained FFS utilization data from HCFA's Part B Extract and Summary System data base and a 1 percent sample of HCFA's National Claims History File. Additionally, we identified the number of Medicare beneficiaries enrolled in FFS programs from HCFA's Data Compendiums.

UTILIZATION

In the four MCOs that provided utilization data, the percentage of Medicare MCO beneficiaries who used chiropractic services was low, as compared with Medicare FFS chiropractic utilization. For example, in 1996, about 1.5 percent of Medicare MCO beneficiaries used chiropractic services. In contrast, more than 4 percent of Medicare FFS beneficiaries utilized chiropractic services during the same time period.

Utilization data presented by the four MCOs showed that, on average, Medicare MCO beneficiaries obtained slightly more chiropractic treatments per year than did FFS Medicare beneficiaries. To illustrate, Medicare MCO beneficiaries received almost 12 chiropractic treatments per year for 1996, whereas Medicare FFS beneficiaries received almost 9 treatments.

The table below summarizes utilization data for the four MCOs and Medicare FFS programs.

| Medicare Chiropractic Utilization | | | | |
|---|------------------|------------|------------------|------------|
| | 1995 | | 1996 | |
| | Four MCOs | FFS | Four MCOs | FFS |
| Medicare Beneficiaries | 258,452 | 34,288,372 | 282,809 | 33,509,382 |
| Beneficiaries receiving chiropractic services | 3,181 | 1,424,700 | 4,378 | 1,391,600 |
| % of beneficiaries receiving chiropractic services | 1.23% | 4.16% | 1.55% | 4.15% |
| Number of treatments received | 30,605 | 12,345,001 | 50,981 | 12,269,909 |
| Number of treatments per beneficiary | 9.62 | 8.67 | 11.64 | 8.82 |

ACCESS

More Medicare beneficiaries used chiropractic services when an MCO allowed direct access versus requiring a physician referral. To illustrate, almost 2 percent of the beneficiaries with direct access options used chiropractic services for 1995 and 1996. Conversely, less than 0.5 percent of the beneficiaries with physician referral requirements used chiropractic services during the same time period. Of the four MCOs that provided chiropractic utilization data, two allowed direct access and two required physician referrals.

Overall, the policies for accessing chiropractic services varied among the seven MCOs that responded to our survey. Three MCOs allowed direct access to chiropractic services, and the remaining four required physician referral.

Policies also varied among the three MCOs that allowed direct access to chiropractic service. Two of the three allowed an unlimited number of treatments with appropriate medical documentation. The third MCO limited direct access by beneficiaries to 12 treatments per year. However, the MCO could authorize additional treatments.

Conversely, the four MCOs that required physician referral had fairly consistent policies. To illustrate, all four allowed primary care physicians (PCPs) to specify the number of chiropractic treatments without prior authorization or review from the MCO.

COVERED SERVICES

All seven MCOs covered manual manipulation of the spine to correct a subluxation, as required by HCFA. Additionally, one MCO expanded its chiropractic benefit to include relief of axial skeletal muscle pain when authorized by a PCP.

Six of the seven MCOs required X-rays to validate the medical necessity of chiropractic services. The X-rays had to show subluxation of the spine to justify chiropractic service. The six MCOs paid for the X-rays. The remaining MCO did not require X-rays.

CO-PAYMENTS

Six MCOs required a co-payment to access chiropractic services. The seventh MCO did not require a co-payment.

The co-payments required by six of the MCOs, ranged from \$3-\$15. Five of the six MCOs said their co-payment for chiropractic service was the same as that for other types of services offered in their plans. The sixth MCO said its co-payment for chiropractic service was lower than what it required for other types of services.

POST PAYMENT REVIEWS

Five of the seven MCOs conducted utilization or post payment reviews. Some of the items reviewed were chiropractic billing, corroboration of medical necessity, patient satisfaction, communication between chiropractors and PCPs, and number of chiropractic visits per year. Based on such reviews, one of the five MCOs had denied payments to chiropractors. Another MCO had referred 48 chiropractors to the FBI for investigation of fraudulent activities. At the time we prepared this report, the 48 chiropractors were still under investigation. None of the other MCOs had referred chiropractors for investigation.

We hope that you find this information responsive to your request. Please do not hesitate to call me or George Grob, Deputy Inspector General for Evaluation and Inspections, or have your staff call Mary Beth Clarke at (202) 619-2481 with any comments or questions you wish to share.

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