

Billed Charges – Sets Usual and Customary	Reimbursable based on costs for each service by region - according to CMS		Billed Charges – Sets Usual and Customary	Reimbursable based on costs for each service by region - according to CMS
CPT 42820	\$386		CPT 27130	\$2,236
\$500			\$6,000	
\$580			\$6,500	
\$590			\$7,200	
\$600			\$10,500	
\$780			\$19,325	
\$1,000			\$19,750	
\$1,100			\$22,000	
\$1,915			\$23,200	
\$2,100	80 th percentile		\$23,200	80 th percentile
\$3,200			\$23,600	
\$3,200			\$39,000	

To calculate percentile: arrange all charges received from highest to lowest. For simplification above is an examples of 11 charges. 80th percentile of 11 is 8.8. Rounding up you get 9. Begin counting down the charges when you reach number 9 stop. All charges above the 9th are within the 80th percentile

The 80th Percentile

(3 AAC 26.110) “Reflects the general cost differences between the geographical area where the service was performed and the other geographical areas used in establishing the statistically credible profile under (1) of this subsection; the adjustment may be based on the Consumer Price Index, the medical care component of the Consumer Price Index, or another reasonable basis stated in writing; and is equal to or greater than the 80th percentile of charges under (1) of this subsection for the health care services or supplies...”

Health insurance regulations in Alaska stipulate that insurers reimburse at the 80th percentile of actual billed charges. The Alaska Division of Insurance (DOI) conducted a study investigating adherence to this law, and compared insurance reimbursement rates between Seattle, Washington and Alaska. The DOI collected information from insurers on billed charges for specified common procedure codes in both Anchorage and Seattle. The authors found that for every procedure code, prices in Alaska were higher, and sometimes substantially so.

For example, a basic office visit in Alaska costs between 7 and 35 percent higher than charges billed in Seattle. For common surgeries, the rate is 82 to 128 percent higher in Alaska than in Seattle. The authors attribute one possible reason for this as being the need to provide financial incentives (e.g. higher rates for services, higher salaries) to recruit and retain health care providers, and a lack of competition. Citing a Kaiser study, the authors described how competition makes it difficult for insurers to negotiate discounts and decrease costs of health care. In addition, the higher cost of living in Alaska requires higher salaries to recruit and retain providers for their services.

The Alaska Division of Insurance study also examined the differences between Medicare reimbursement rates and the standard 80 percent of billed charges reimbursement from other health insurers in Alaska. The largest differences were seen in specialty health care, yet were among the most common procedures delivered by specialists. In some cases, the differences were staggering: reimbursement for common surgeries is anywhere between 272 and 488 percent higher for private health insurers, than for the allowed amounts established and paid for by Medicare.

The Alaska Association of Health Underwriters examined and summarized the findings of the Milliman Client Report (2011) with Detailed Fee Data by State, Payer, Specialty and Procedure Code. We also compared and analyzed the Detailed Fee Data and Procedure Code to the Medicare and Washington State costs as a percentage to Alaska costs. The results of our analysis on the next page.

80th Percentile

Description of Service	Code	AK	WA	OR	ND	ID	WY	Medicare AK	% to WA	% to Medicare
Office Consultation (Cardiology)	99214	\$220.00	\$161.20	\$182.40	\$144.92	\$151.91	\$130.00	\$130.96	36%	68%
Cardiovascular Stress Test	93015	\$625.00	\$313.00	\$292.00	\$550.83	\$302.50	\$895.00	\$110.86	100%	464%
Office/Outpatient Visit New (Chiro)	99203	\$240.00	\$101.79	\$180.34	\$144.36	\$151.43	\$86.00	\$129.99	136%	85%
Chiropractic manipulation	98941	\$75.00	\$44.68	\$60.00	\$53.21	\$39.68	\$55.00	\$46.20	68%	62%
Office Consultation (ENT)	99214	\$220.00	\$161.20	\$182.40	\$144.92	\$151.91	\$130.00	\$130.96	36%	68%
Removal of Tonsils	42826	\$1,665.00	\$499.84	\$490.70	\$397.29	\$546.05	\$1,073.00	\$321.31	233%	418%
Office/Outpatient Visit New (Fam Prac)	99214	\$220.00	\$161.20	\$182.40	\$144.92	\$151.91	\$130.00	\$130.96	36%	68%
Lipid panel	80061	\$97.00	\$22.47	\$29.40	\$34.93	\$40.15	\$63.00	\$18.85	332%	415%
Diagnostic Colonoscopy	45378	\$1,450.00	\$564.34	\$738.72	\$414.90	\$758.50	\$944.00	\$474.49	157%	206%
Upper GI Endoscopy, Biopsy	43239	\$1,359.14	\$463.98	\$600.32	\$329.00	\$617.02	\$772.61	\$410.41	193%	231%
Office/Outpatient Visit New (Gastro)	99203	\$240.00	\$161.28	\$180.34	\$144.36	\$151.43	\$134.00	\$129.99	49%	85%
Office/Outpatient Visit New (Gen Surgery)	99203	\$240.00	\$161.28	\$180.34	\$144.36	\$151.43	\$134.00	\$129.99	49%	85%
Laparoscopic cholecystectomy	47562	\$5,278.00	\$1,321.92	\$1,399.52	\$1,042.19	\$1,466.00	\$3,100.00	\$924.42	299%	471%
Initial hospital care (Per Day)	99223	\$586.30	\$311.27	\$358.56	\$288.71	\$304.95	\$293.83	\$260.99	88%	125%
Office/Outpatient Visit (Neurology)	99214	\$220.00	\$161.20	\$182.40	\$144.92	\$151.91	\$130.00	\$130.96	36%	68%
Polysomnography w/cpap	95811	\$1,020.00	\$317.96	\$412.09	\$285.32	\$332.39	\$432.00	\$177.60	221%	474%
Office/Outpatient Visit (OBGyn)	99214	\$220.00	\$161.20	\$182.40	\$144.92	\$151.91	\$130.00	\$130.96	36%	68%
Total hysterectomy	58150	\$5,081.00	\$1,652.89	\$2,056.01	\$1,568.18	\$2,114.28	\$3,285.00	\$1,290.86	207%	294%
Office/Outpatient Visit (Ortho)	99214	\$220.00	\$161.20	\$182.40	\$144.92	\$151.91	\$130.00	\$130.96	36%	68%
Knee arthroscopy/surgery	29881	\$4,534.00	\$1,324.26	\$1,204.00	\$927.27	\$1,349.35	\$2,725.19	\$793.36	242%	471%
Shoulder arthroscopy/surgery	29826	\$4,907.00	\$1,375.00	\$1,230.49	\$977.65	\$1,549.78	\$3,198.60	\$822.58	257%	497%
Total hip arthroplasty	27130	\$12,155.00	\$3,025.08	\$2,703.68	\$2,437.91	\$2,989.25	\$5,239.85	\$1,810.11	302%	572%
Mri joint upr extrem w/o dye	73221	\$388.29	\$124.50	\$133.21	\$125.51	\$217.86	\$296.00	\$92.15	212%	321%
Chest x-ray	71020	\$54.00	\$19.94	\$21.30	\$17.90	\$32.00	\$45.60	\$14.77	171%	266%
Mammogram, both breasts	77056	\$129.79	\$74.40	\$83.08	\$73.19	\$92.04	\$89.00	\$58.80	74%	121%
Office/Outpatient Visit (Urology)	99214	\$220.00	\$161.20	\$182.40	\$144.92	\$151.91	\$130.00	\$130.96	36%	68%
Laparo radical prostatectomy	55866	\$7,855.52	\$2,991.08	\$3,830.49	NC	\$3,231.50	NC	\$2,355.82	163%	233%

CPT Code	Description	CMS	2017 UCR Anchorage	2017 UCR Seattle	2017 UCR Portland
99203	Primary Care- New Patient 30 minutes	\$173	\$299	\$292	\$318
45378	Colonscopy – Primary	\$585	\$1,829	\$1,438	\$1,293
27130	Total Hip Replacement - Surgeon	\$2,236	\$23,200	\$11,676	\$10,038
11404	Excision of Benign Lesion	\$336	\$1,114	\$790	\$898
59510	C-Section	\$3,784	\$10,872	\$4,483	\$6,492
42820	Tonsil or adenoid removal	\$386	\$1,914	\$1,025	\$1,045

Above is a sampling of six services provided in Anchorage.

