



## Wakely Medicare Repricing Analysis Tool (WMRAT): Frequently Asked Questions



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### ***What is WMRAT?***

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The Wakely Medicare Repricing Analysis Tool (WMRAT) is a reporting tool that provides claim line level detail and summaries of medical claims repriced to Medicare Fee-for-Service (FFS) rates. Comparing medical claim allowed amounts to Medicare FFS rates is a common practice across the industry, as this analysis provides a useful benchmark for payers to better understand their data and payment practices and for providers to more easily analyze how they are being reimbursed.

Our standard process starts with intake and data validation of a detailed medical claims data file. Once we determine that the file contains the required data fields, we run the data through our WMRAT tool to reprice each claim (or admit) to the desired Medicare fee schedule(s).

Our output includes the detailed data itself returned at the claim line level with the repriced Medicare amount added. If more detail is desired, we can also include data fields for some of the repricing components in our Medicare payment build-up, such as wage index or outlier payments. Along with the detailed repriced data, we deliver a variety of Excel summaries and a written report outlining results and methodology.

### ***Why should I be interested in performing a WMRAT analysis on my data?***

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WMRAT offers a common language for comparing payment rates across multiple lines of

business, categories of service, geographic locations, and providers. WMRAT is useful for activities such as contracting, establishing pricing assumptions, internal validation of payments, and setting or allocating capitation amounts. Our team also reprices national datasets like IBM Watson Health Marketscan®, the Centers for Medicare & Medicaid Services (CMS) Limited Data Set (LDS), and Wakely's ACA (WACA) data set, which can all serve as valuable tools for benchmarking.

There are many reasons that our clients find value in a WMRAT analysis. The case studies beginning on page 4 of this white paper highlight a few examples.

### ***What data fields are required to perform a WMRAT analysis?***

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A detailed medical claims file at the claim line level is required for a WMRAT analysis. At the beginning of the analysis, our team provides a data request outlining the data fields required (along with fields that are helpful but not required).

Examples of the data fields required for the analysis include claim number, claim line number, provider identifier, billed and allowed amounts, and codes on the claims such as bill type codes, revenue codes, and procedure codes.

### ***What payment systems does WMRAT support?***

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WMRAT currently supports the following payment systems:

- Inpatient Prospective Payment System (IPPS)
- Outpatient Prospective Payment System (OPPS)
- Professional (includes Physician, Lab, Ambulance, Anesthesia, Part B RX, and Durable Medical Equipment)
- Inpatient Psychiatric Facility Prospective Payment System (IPF PPS)
- Ambulatory Surgical Center Payment System (ASC)
- Federally Qualified Health Centers Prospective Payment System (FQHC PPS)

If you have interest in other payment systems not listed here, please reach out to our team to discuss further.

### ***What time period does WMRAT reprice to?***

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We can reprice claims to any time period from FY 2018 to present. Most clients reprice their data to either the fee schedules in place at the time each claim was incurred or to the most recent time period.

### ***How frequently does WMRAT incorporate changes to the Medicare fee schedules?***

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We make updates on a quarterly basis, and timing differs by payment system based on the CMS release schedule and subsequent CMS corrections.

### ***Do you reprice to Medicare FFS or Medicare Advantage?***

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We model both Medicare Advantage and FFS rates. These are commonly referred to as HMO and Standard rates, respectively.

### ***Are results available at a provider level? At a claim or claim line level?***

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Yes! We produce standard summaries by provider, service category, and other breakouts. We also provide the repriced data at the claim and claim line level, and we produce custom summaries upon request.

Standard summaries in the WMRAT reporting package include results summarized by:

- Year and Incurred Month
- Network Status
- Provider
- Provider CBSA
- Member CBSA
- Inpatient Major Diagnostic Category
- Outpatient Category of Service
- Professional Fee Schedule Type
- Professional Bodily System

### ***Are there certain types of claims that cannot be repriced to Medicare?***

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Yes, there are certain claims we exclude from the analysis. As part of our deliverable, we include a reconciliation of the starting claim totals in the original data file and the amount that we were able to reprice. For any claims not repriced, we document the reason why. For example, claims incurred at providers exempt from PPS

(e.g., children's hospitals, cancer hospitals) are not covered by our Medicare repricing model. Typically, these exclusions make up a small amount of the overall data.

### ***Does Wakely provide any national or regional benchmarks of Medicare FFS rates?***

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Yes, using WMRAT, Wakely reprices national datasets like IBM Watson Health MarketScan®, the Centers for Medicare & Medicaid Services (CMS) Limited Data Set (LDS), and Wakely's ACA (WACA) data set. Our clients have found all of these repriced datasets to be valuable benchmarking tools for many areas of their work.

MarketScan® is a detailed claim and enrollment data set for a nationally representative sample of commercially insured lives available at specific metropolitan areas. Wakely provides repriced benchmarks using this data at the metropolitan (MSA/CBSA) and/or state level. Our clients have found this information useful for analyzing how their contracts compare to the market as well as to provide insight for provider negotiations when they are moving into new markets.

LDS contains Medicare beneficiary level enrollment and claims information from a limited 5% random sample of the full CMS Medicare data set. One example of how this information is valuable to our clients is that we can provide Medicare physician payment rate trends broken down by region and provider specialty using both the proposed and final rules. This provides our clients with a detailed look at how physician rates are changing when CMS releases an updated fee schedule.

WACA is Wakely's ACA data set which contains detailed claims, eligibility and premium data from Edge Servers for millions of individual and small group lives each year. This certified de-identified data contains most HHS Edge Server fields.

WACA is perhaps the most robust database containing detailed ACA data constructed available in the industry. Wakely uses WMRAT to reprice WACA every year to a national Medicare benchmark rate. As an example, Wakely uses this repriced data to help clients derive pricing assumptions for their individual and small group products.

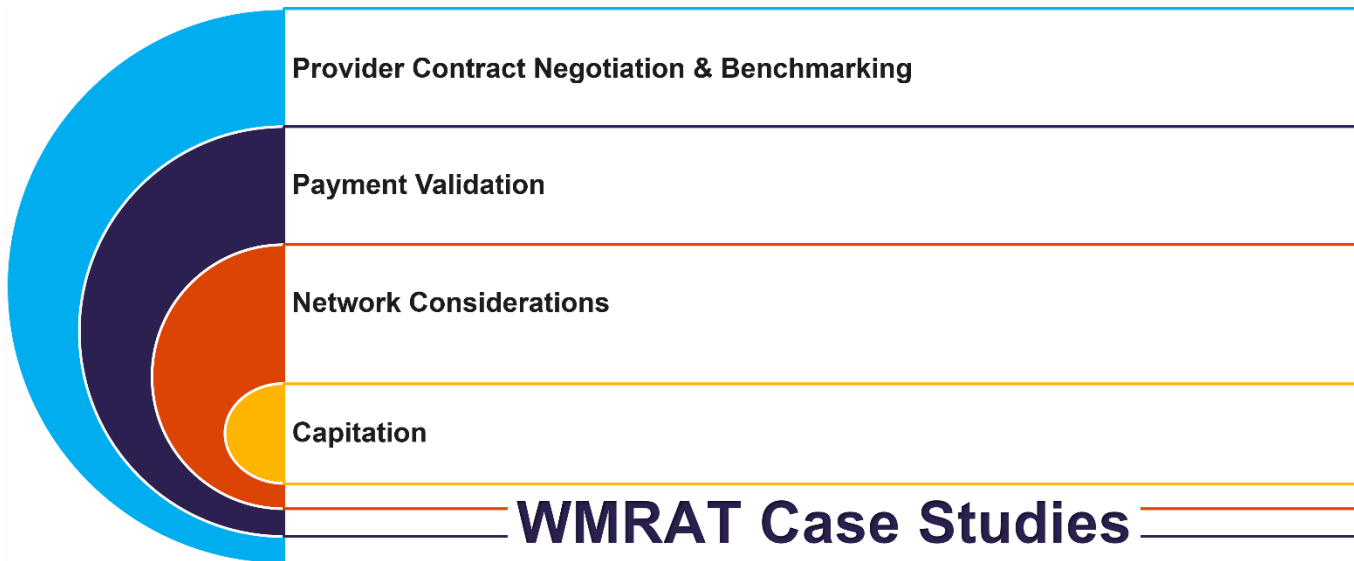
### ***Does WMRAT provide any insight on COVID-19 specific Medicare payments?***

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Absolutely! For IPPS repricing, WMRAT includes a COVID-19 specific exhibit which shows Medicare FFS payments for any admits identified as having a COVID-19 diagnosis code. For certain incurred dates, those admits are eligible for a 20% add-on MS-DRG payment. In addition, WMRAT breaks out the New COVID-19 Treatment Add-on Payment (NCTAP) that CMS instituted in late 2020. In addition, WMRAT reprices any COVID-19 related professional services, such as COVID-19 lab tests, that are covered under the national Medicare professional fee schedules.

### *Can you highlight some recent WMRAT case studies?*

Our clients find tremendous value in WMRAT analysis. The following table illustrates just a few examples of recent case studies.



#### **Provider Contract Negotiation & Benchmarking**

- Health Plan Company A was in contract negotiations with a local provider who contracted as a percentage of Medicare.
- Company A used WMRAT to understand the baseline: what percentage of Medicare the plan currently pays the provider, along with what it pays other providers in the area.
- The WMRAT team provided benchmarking data from Marketscan so that the plan understood what other payers in the market reimburse.
- This knowledge provided leveraging power and aided the plan in an effective negotiation.

#### **Payment Validation**

- MA Plan Company B used WMRAT to reprice several historical years of inpatient claims and to analyze results by provider, area, service category, and time period.
- WMRAT results unexpectedly showed that the plan paid less than 100% of Medicare on inpatient COVID-19 claims, and upon closer look, the plan discovered they were not correctly paying COVID-19 add-on payments.
- The plan was able to reconcile the issue and fix their payment system going forward.

## Network Considerations

- Health Plan Company C repriced its data to Medicare and analyzed results by provider.
- The plan discovered that claims in its wrap network (which are reimbursed as a percent of billed charges) were unexpectedly high, and in some areas, the impact was significant.
- Findings like this can often go undetected due to complexities in health pricing, but WMRAT provides transparency by pricing everything to a consistent basis.
- The plan took action and saw savings in the way of network development and provider negotiation. They negotiated contract changes where possible, and they brought additional providers in-network to steer members away from the higher cost wrap network providers.

## Capitation

- Provider-owned MAO Company D had a significant number of capitated claims in its data.
- Given the capitated payment structure, there was no allowed amount at the claim line level on these claims like there would be on traditional FFS claims.
- Repricing the data to Medicare provided a benchmark for the capitated claims and gave the MAO a starting point for further analysis on these claims at the service level.

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<sup>1</sup> <https://www.wakely.com/services/product/wakely-medicare-repricing-analysis-tool-wmrat>

## OUR STORY

**Five decades.** Wakely began in 1969 and eventually evolved into several successful divisions. In 1999, the actuarial arm became the current-day Wakely Consulting Group, LLC, which specializes in providing actuarial expertise in the healthcare industry. Today, there are few healthcare topics our actuaries cannot tackle.

**Wakely is now a subsidiary of Health Management Associates.** HMA is an independent, national research and consulting firm specializing in publicly funded healthcare and human services policy, programs, financing, and evaluation. We serve government, public and private providers, health systems, health plans, community-based organizations, institutional investors, foundations, and associations. Every client matters. Every client gets our best. With more than 20 offices and over 400 multidisciplinary consultants coast to coast, our expertise, our services, and our team are always within client reach.

**Broad healthcare knowledge.** Wakely is experienced in all facets of the healthcare industry, from carriers to providers to governmental agencies. Our employees excel at providing solutions to parties across the spectrum.

**Your advocate.** Our actuarial experts and policy analysts continually monitor and analyze potential changes to inform our clients' strategies – and propel their success.

**Our Vision:** To partner with clients to drive business growth, accelerate success, and propel the health care industry forward.

**Our Mission:** We empower our unique team to serve as trusted advisors with a foundation of robust data, advanced analytics, and a comprehensive understanding of the health care industry.

### Going Beyond the Numbers

Learn more about Wakely Consulting Group at [www.wakely.com](http://www.wakely.com)