



# Medicaid Update

THE OFFICIAL NEWSLETTER OF THE NEW YORK STATE MEDICAID PROGRAM

## State to Implement 2% Across the Board Medicaid Payment Reductions

The final 2011-12 State Budget (Chapter 59 of the Laws of 2011) requires Across the Board reductions to most Medicaid payments effective April 1, 2011. These provisions were enacted to meet the target of the Medicaid Redesign initiative to reduce costs and increase quality and efficiency in the Medicaid program for the 2011-12 Fiscal Year. The reduction will remain in effect through March 31, 2013. Services exempt from the reduction include:

<p>1) Payments whereby Federal law precludes such reduction, including:</p>	<ul style="list-style-type: none"> <li>○ Federally Qualified Health Center services;</li> <li>○ Health services provided to Native Americans who reside on reservations and receive services at one of four tribal clinics affiliated with the federal Indian Health Program;</li> <li>○ Supplemental Medical Insurance - Part A and Part B;</li> <li>○ State Contribution for Prescription Drug Benefit (aka Medicare Part D payments);</li> <li>○ Any local share cap payment required by the Federal medical assistance percentages (FMAP) increase legislation;</li> <li>○ Required payments related to the School Supportive Health Services Program and Preschool Supportive Health Services Program settlement agreement; Payments to providers for Preschool Supportive Health Services and School Supportive Health Services under the current rates are <u>not exempt</u> from the 2% reduction</li> <li>○ Hospice services;</li> <li>○ Services provided to American citizen repatriates; and</li> <li>○ Court orders and judgments.</li> </ul>
<p>2) Payments that are funded exclusively with federal and/or local funds, including:</p>	<ul style="list-style-type: none"> <li>○ Upper payment limit payments to non-state owned or operated governmental providers certified under Article 28 of the NYS Public Health Law;</li> <li>○ Certified public expenditure payments to the NYC Health and Hospital Corporation;</li> <li>○ Certain disproportionate share payments to non-state operated or owned governmental hospitals; and</li> <li>○ Services provided to inmates of local correctional facilities.</li> </ul>
<p>3) Other Payments Excluded:</p>	<ul style="list-style-type: none"> <li>○ Any payments pursuant to Article 32, Article 31 and Article 16 of the mental hygiene law are exempt from the 2% reduction; with the exception of:             <ul style="list-style-type: none"> <li>○ Hospital based and Freestanding Methadone Maintenance Treatment Programs (MMTP) - <b>2% Reduction applies</b></li> <li>○ All services provided in an Article 28 hospital (including mental health and substance abuse) - <b>2% Reduction applies,</b></li> <li>○ However, Outpatient and CPEP programs operated by Art 28 hospitals are <b>Exempt</b> from the 2% reduction.</li> </ul> </li> <li>○ 1915C Waiver programs not operated by DOH - <b>Exempt</b></li> </ul>

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# POLICY AND BILLING GUIDANCE

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For services subject to the 2% reduction, the decrease in payments will be reflected on the Medicaid check or EFT beginning on Cycle 1786 (check date 11/14/2011 with a release date of 11/30/2011). Paper remittances will display the actual reduction amount as a recoupment identified by Financial Reason Code 'FC2' and the corresponding description of "State mandated payment reduction." Similarly, the 835 electronic remittances will carry the reduction amount in the PLB segment with the qualifier J1.

Since the law is applicable to dates of service on or after April 1, 2011, the Department will implement a reconciliation of previously paid claims to determine the additional recoupment amount for those claims. Information pertaining to the manner in which these funds are to be recovered will be posted on the Department's 2% Across the Board website at: [http://www.health.ny.gov/health\\_care/state/index](http://www.health.ny.gov/health_care/state/index)

The following services are subject to the 2% payment reduction (unless otherwise noted):

\*Please note that the final 2011-12 State Budget (chapter 59 of the 2011 Laws) authorizes alternative methods to achieve proportionate savings. For a more in-depth list of services please view the Medicaid State Plan Amendments 11-49, 11-70 and 11-72 at: [http://www.health.state.ny.us/regulations/state\\_plans/status/](http://www.health.state.ny.us/regulations/state_plans/status/)

Medicaid Administration Costs	<ul style="list-style-type: none"> <li>o Medicaid Administration Costs paid to local governments, contractors and other such entities – 2% reduction applies</li> </ul>
Inpatient Services	<ul style="list-style-type: none"> <li>o Hospital Inpatient Reimbursement – 2% reduction applies</li> <li>o Indigent Care Pool Payments – 2% reduction applies</li> <li>o Graduate Medical Education – Medicaid for Managed Care patients – 2% reduction applies</li> <li>o Hospital Disproportionate Share payments made to governmental general hospitals operated by the State of New York or the State University of New York – 2% reduction applies</li> <li>o Indigent Care Adjustments to hospitals operated by the State of New York or the State University of New York – 2% reduction applies</li> <li>o Supplemental Medicaid payments to voluntary hospitals – 2% reduction applies</li> <li>o Additional Disproportionate Share Payments to voluntary non-profit hospitals that provide mental health and substance abuse services – 2% reduction applies</li> </ul>
Nursing Homes	<ul style="list-style-type: none"> <li>o In State Nursing Homes – Alternative proposal accepted to generate commensurate savings through an increase of the cash assessment</li> <li>o Out of State Nursing Homes – 2% reduction applies.</li> </ul>

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# POLICY AND BILLING GUIDANCE

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<b>Non-institutional Services</b>	<ul style="list-style-type: none"><li>○ Assisted Living Programs – Alternative proposal accepted to generate commensurate savings through a reduction of the State only funding of ‘EQUAL’</li><li>○ Early Intervention – 2% reduction applies</li><li>○ Foster Care – 2% reduction applies</li><li>○ Freestanding Clinic – Alternative proposal accepted to generate commensurate savings through a reduction to the APG base rates</li><li>○ Home Health-<ul style="list-style-type: none"><li>✓ CHHA – 2% reduction applies</li><li>✓ LTHHCP – Alternative proposal accepted to generate commensurate savings through an increase of the cash assessment</li></ul></li><li>○ Home Nursing – 2% reduction applies.</li><li>○ Hospital Based Outpatient – 2% reduction applies</li><li>○ Managed Long Term Care – Alternative proposal to generate commensurate savings through reducing premium levels</li><li>○ Managed Care/ FHP/HMO – Alternative proposal to generate commensurate savings through reducing premium levels</li><li>○ Methadone Maintenance Treatment Programs-MMTP (hospital Based &amp; Freestanding) – 2% reduction applies</li><li>○ Personal Care – 2% reduction applies</li><li>○ Pharmacy – Alternative proposal – interactions amongst existing proposals and other pharmacy programs will generate commensurate savings, resulting in .33% reduction for SFY11/12 and a 1% or less payment reduction for SFY 12/13.</li><li>○ Physicians:<ul style="list-style-type: none"><li>✓ Office place of service – Alternative proposal accepted to generate commensurate savings for office based physicians through a reduction in radiology fees;</li><li>✓ All other places of service - 2% reduction applies.</li></ul></li><li>○ Other Services (Dental, Eye/X-ray, etc. for a comprehensive list see State Plan Page):<ul style="list-style-type: none"><li>✓ Office place of service – Alternative proposal accepted to generate commensurate savings for office based physicians through a reduction in radiology fees;</li><li>✓ All other places of service – 2% reduction applies to all others; except for Dental fee schedule billing.</li></ul></li><li>○ 1915C Waiver Programs Operated by DOH – 2% reduction applies.</li></ul>
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Additional questions should be submitted to the following electronic mailbox:  
[2PercentAcrossTheBoard@health.state.ny.us](mailto:2PercentAcrossTheBoard@health.state.ny.us).

Responses to frequently asked questions will be posted on a weekly basis to the Department’s website.



## Mandatory Medicaid Managed Care Expanding to Chenango and Clinton Counties

Beginning in December 2011, managed care enrollment will be required for most Medicaid beneficiaries residing in Chenango and Clinton counties. Once a mandatory managed care program is implemented in a county, it is expected that the enrollment of all eligible Medicaid beneficiaries will take up to 12 months to complete.

Providers should check the Medicaid Eligibility Verification System (MEVS) prior to rendering services to determine Medicaid eligibility and the conditions of Medicaid coverage. Providers are strongly encouraged to check eligibility at each visit as eligibility and enrollment status may change at any time. If the Medicaid beneficiary is enrolled in a Medicaid managed care plan, the first coverage message will indicate "Eligible PCP".

MEVS responses no longer include scope of benefits information so providers will need to contact the health plan to determine services covered by them. Service Type codes will be used to identify carved-out services, where possible. **Medicaid will not reimburse a provider on a fee-for-service basis if a medical service is covered by the plan.**

For more information on the 5010 implementation, please see the February 2011 Special Edition Medicaid Update article at: [http://health.ny.gov/health\\_care/medicaid/program/update/2011/2011-2\\_special\\_edition.htm](http://health.ny.gov/health_care/medicaid/program/update/2011/2011-2_special_edition.htm).

Providers may call the eMedNY Call Center at (800) 343-9000 with any Medicaid billing issues. Medicaid beneficiaries may call NY Medicaid Choice at (800) 505-5678 or contact their local department of social services to learn more about managed care. For additional information on managed care covered services and managed care plan types, please see the December 2010 Medicaid Update article entitled "Managed Care Covered Services" at: [http://health.ny.gov/health\\_care/medicaid/program/update/2010/2010-12.htm](http://health.ny.gov/health_care/medicaid/program/update/2010/2010-12.htm)

Questions? Please contact the Division of Managed Care, Bureau of Program Planning and Implementation at (518) 473-1134.



## Attention: Medicaid Fee-For-Service Providers

Enhancements are being made to the Mandatory Generic Drug Program (MGDP) Prior Authorization (PA) Process. **Effective December 8, 2011**, callers will speak directly to a clinical call center representative, rather than using an automated system, to obtain PA for a brand name drug.

To obtain PA for a brand name drug, please call (877) 309-9493 and follow the appropriate prompts. Listen carefully to the prompts as they will be updated to reflect this change.

The prescriber, or an authorized agent of the prescriber, will then be required to provide the following information:

- **Prescriber's National Provider Identifier (NPI) Number;**
- **Enrollee's Identification Number (2 letters, 5 numbers, 1 letter);**
- **Brand Name Drug.**

The caller should be prepared to answer the questions below and document the drug name, the reason the brand name drug is being requested, and the prior authorization number in the patient's medical record.

- 1. Does the patient have an allergy to generic drug inactive ingredient(s)?**
- 2. Was there an adverse reaction to generic drug inactive ingredient(s)?**
- 3. Is there a documented history of successful therapeutic control with brand name drug and changing to a generic would be contraindicated?**

The Prescriber must also write "DAW/Brand Medically Necessary" on the face of the prescription.

For additional information regarding the Mandatory Generic Drug Program and other NYS Medicaid Pharmacy PA programs, including upcoming changes to the PA process, please continue to visit the following sites: <https://newyork.fhsc.com/> and [www.nyhealth.gov](http://www.nyhealth.gov).

For billing questions, call (800) 343-9000. For Medicaid pharmacy policy and operations questions, call (518) 486-3209



# Fee-for-Service Pharmacy Reform Prior Authorization for Atypical Antipsychotics

The enacted 2011-2012 New York State (NYS) Executive Budget included several significant changes to the Medicaid fee-for-service pharmacy benefit. One of those changes was to eliminate the exemption from prior authorization requirements for drugs in the following therapeutic classes: atypical anti-psychotics, anti-depressants, anti-rejection drugs used for the treatment of organ and tissue transplants and anti-retroviral drugs used in the treatment of HIV/AIDS.

As previously announced, the Department delayed implementing this initiative until systems were in place to support the grandfathering of patients stabilized on non-preferred atypical anti-psychotics. Those systems will be in place in late December.

**Effective December 29, 2011**, prior authorization will be required for atypical anti-psychotics identified as non-preferred on the Medicaid Preferred Drug List.

System editing will be done at the point-of-service that will allow claims to pay without prior authorization when clinical criteria are met such as when a beneficiary has been stabilized on a non-preferred product. When clinical criteria are not met, pharmacy providers will receive an edit message instructing them to notify the prescriber to change the prescription to a preferred drug if appropriate or to obtain prior authorization through the clinical call center at (877) 309-9493 for the non-preferred drug.

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# Opioid analgesics limited to a four prescription fill limit every 30 days

As of December 1, 2011, prescriptions for opioid analgesics for fee-for-service Medicaid beneficiaries will be limited to four fills every thirty days.

**Effective December 29, 2011**, claims submitted in excess of this limit will be denied. Pharmacy point-of-service system enhancements will be implemented to review claims history for certain clinical criteria in order to automatically bypass the four prescription limit, when clinically appropriate.

In extenuating circumstances, when it has been determined that an additional opioid analgesic prescription is medically necessary, prior authorization may be obtained by calling the Medicaid prior authorization clinical call center at **(877) 309-9493**. Prescribers may be asked to provide documentation to support the need to exceed the limits.



## ALL PROVIDERS

# New York Medicaid Continues to Move toward a Paperless Payment System

Since the implementation of the eMedNY claims processing system in March of 2005 Medicaid has made significant strides toward a paperless payment system. Where in 2005 Electronic Funds Transfers (EFTs) and electronic remittances were the exception, today over sixty percent of Medicaid payments are made via EFTs and almost fifty percent of all remittances are electronic or in a PDF format. The ultimate goal is to eliminate paper checks and paper remittances altogether, replacing cumbersome and time consuming processes with administratively and technically superior ones.

Many Medicaid programs across the country already mandate EFT and electronic remittances. Medicare requires new providers to sign up for EFT and mandates electronic claims, with a few exceptions. Section 1104 of the Patient Protection and Affordable Care Act (ACA) mandates national standardized operating rules for both EFT and electronic remittances, as an impetus for Medicaid and other payers to embrace the implementation of all HIPAA standards and further the automated processing of healthcare payments. The Act mandates that these operating rules be in place by July 2012.

The benefits of EFT and electronic/PDF remittances have been detailed in previous Medicaid provider communications. Please refer to the testimonials on this page to review positive comments received from providers who have transitioned their practices to EFT and PDF/electronic remittances.

Providers who have not transitioned to EFT and electronic/PDF remittances are encouraged to do so at their earliest convenience. NY Medicaid will continue its effort toward a paperless, more efficient payment system supported by new national standards and mandates. Checks and paper remittances require excessive manual intervention, are prone to error, are environmentally and administratively expensive and interfere with the payment system automated processes. EFT and PDF/electronic remittances are the alternative providers will be expected to embrace.

The EFT application and instructions are available online at:  
[https://www.emedny.org/info/ProviderEnrollment/Provider%20Maintenance%20Forms/EFT\\_Enrollment\\_Form.pdf](https://www.emedny.org/info/ProviderEnrollment/Provider%20Maintenance%20Forms/EFT_Enrollment_Form.pdf).

The PDF remittance application and instructions are available online at:  
<http://www.emedny.org/info/ProviderEnrollment/Provider%20Maintenance%20Forms/EFT-PDF%20Paper%20Remittance%20Request%20Form.pdf>

Questions should be directed to the eMedNY Call Center at (800) 343-9000.

### PROVIDER TESTIMONIALS

*"We had a paper check lost in the mail a couple times. Now we don't need to worry about that happening again."*

*"The funds are in my bank account every week like clockwork."*

*"Getting my remittances two and a half weeks earlier has allowed me to really get a jump start on resubmitting any denied claims."*

*"I save my PDF remittances right on my computer, no more paper files filling up our file cabinets."*

*"The PDF remittances are great. They look exactly like the old paper remittances. I thought they were going to cost me but Adobe Reader® (6.0 release) was free."*





# ALL PROVIDERS

## Cardswipe Providers

### NOTICE TO PROVIDERS REQUIRED TO SWIPE:

With the implementation of pharmacies moving to managed care on October 1, 2011, the Office of the Medicaid Inspector General (OMIG) would like to remind pharmacies participating in the Cardswipe Program that they should continue to swipe for fee-for-service recipients. The swipe will continue to be married to the corresponding fee-for-service claim, and your swipe percentage will be based on your swipe of the Medicaid card for those fee-for-service claims. OMIG will be evaluating the impact of managed care on the Cardswipe program; but until the assessment is complete, please continue to swipe the Medicaid Common Benefit Identification Card (CBIC) for all fee-for-service transactions.

For additional information on the Cardswipe Program, please visit OMIG's website at: [www.omig.ny.gov](http://www.omig.ny.gov) and click on the "Resources" tab, then choose "Landline Units", or call (518) 402-1470.

# PROVIDER DIRECTORY

## **Office of the Medicaid Inspector General:**

For general inquiries or provider self-disclosures, please call (518) 473-3782.

For suspected fraud complaints/allegations, call 1-877-87FRAUD (1-877-873-7283), or visit [www.omig.ny.gov](http://www.omig.ny.gov).

## **Provider Manuals/Companion Guides, Enrollment Information/Forms/ Training Schedules:**

Please visit the eMedNY website at: [www.emedny.org](http://www.emedny.org).

## **Do you have questions about billing and performing MEVS transactions?**

Please call the eMedNY Call Center at (800) 343-9000.

## **Provider Training:**

To sign up for a provider seminar in your area, please enroll online at:

<http://www.emedny.org/training/index.aspx>. For individual training requests, call (800) 343-9000 or e-mail: [emednyproviderrelations@csc.com](mailto:emednyproviderrelations@csc.com).

## **Enrollee Eligibility:**

Call the Touchtone Telephone Verification System at any of the following numbers: (800) 997-1111, (800) 225-3040, or (800) 394-1234.

## **Address Change?**

Address changes should be directed to the eMedNY Call Center at (800) 343-9000.

**Fee-for-Service Providers:** A change of address form is available at:

<http://www.emedny.org/info/ProviderEnrollment/allforms.html>.

**Rate-Based/Institutional Providers:** A change of address form is available at:

<http://www.emedny.org/info/ProviderEnrollment/allforms.html>.

**Does your enrollment file need to be updated because you've experienced a change in ownership?** Fee-for-service providers please call (518) 402-7032.

Rate-Based/Institutional providers please call (518) 474-3575.

## **Do you have comments and/or suggestions regarding this publication?**

Please contact Kelli Kudlack at: [medicaidupdate@health.state.ny.us](mailto:medicaidupdate@health.state.ny.us).

**Do you suspect that a Medicaid provider or beneficiary has engaged in fraudulent activities?**

**PLEASE CALL: 1-877-87FRAUD**

**Your call will remain confidential. You may also complete a complaint form online at: [www.omig.ny.gov](http://www.omig.ny.gov).**

