

**TO:** Local District Commissioners, Medicaid Directors

**FROM:** Judith Arnold, Director  
Division of Health Reform and Health Insurance Exchange Integration

**SUBJECT:** Episodic Payments for Certified Home Health Agency Services and Spenddown Questions and Answers

**EFFECTIVE DATE:** May 1, 2012

**CONTACT PERSON:** Local District Support Unit  
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The purpose of this General Information System (GIS) message is to advise local departments of social services (LDSS) of the new episodic payment system for Certified Home Health Agency (CHHA) services. Many questions have been raised regarding the application of an individual's spenddown toward episodic CHHA claims. This GIS message provides information on the application of a Medicaid recipient's spenddown toward the cost of these services.

Effective May 1, 2012, the payment process for CHHA services will change from a fee-for-service payment to a 60-day episodic payment. In general, for a Medicaid eligible individual, at the onset of an episode of care, the CHHA provider will submit an Interim Claim and will receive Medicaid payment based on a percentage of the projected cost for a 60-day episode of care. At the end of the episode, the provider will submit a Final Adjusted Claim. Providers will only submit a claim to Medicaid for months in which an individual is Medicaid eligible.

For individuals who are eligible for Medicaid with a spenddown requirement, medical bills for CHHA services are often used to meet the individual's spenddown due to the recurring nature of the services provided, and because the monthly costs are often high enough to meet the spenddown amount. Individuals participating in the spenddown program must incur medical bills to offset their monthly spenddown in order for Medicaid coverage to be authorized for payment of additional medical bills incurred in that month. Medical bills continue to be incurred at the private payment rate for the purpose of offsetting a spenddown liability.

With the implementation of episodic payments for CHHA services, if the CHHA bill is being used to meet an individual's spenddown, the CHHA provider will continue to provide a bill each month to the recipient for the cost of services expected to be received in the month. The recipient then submits the medical bill to his or her local district to obtain Medicaid coverage. If the CHHA's medical bill, or a portion thereof, meets an individual's spenddown, the appropriate coverage must be authorized (02 Outpatient Services Only or 21 Community-Based Long-Term Care) and the provider/recipient notified of the amount of the CHHA bill that was used to meet the spenddown. The recipient is responsible for paying this amount to the CHHA provider. Both the provider and the recipient are notified via the LDSS-3183, "Provider/Recipient Letter (Financial Obligation of Recipient Toward Medical Expenses)", of the amount that the recipient is responsible for paying.

If the CHHA bill, together with any other incurred medical bill(s), is not sufficient to meet a spenddown, coverage is not authorized and a claim for CHHA services will not be submitted to Medicaid. This is more likely to occur in a month in which CHHA services begin later in a month or when CHHA services end at the beginning of a month. CHHA providers have received detailed billing instructions for episodic CHHA payments. For Medicaid eligible individuals, the CHHA provider will include the dollar amount of the spenddown for one month on the Interim Claim that is submitted. At the end of the 60-day episode of care, the provider will include the individual's spenddown for the entire episode on the Final Adjusted Claim; when the Final Adjusted Claim is submitted, the Interim Claim will be voided and the Final Adjusted Claim paid in full, so that the spenddown is only counted once. If the episode spans two months of coverage, then the spenddown amount for two months will be entered. If the episode spans three months of coverage, then the spenddown amount for three months will be included on the Final Adjusted Claim.

Medicaid recipients may submit other medical bills to meet their spenddown (e.g., copayments, medical bills for over the counter expenses, prescriptions and inpatient hospital care). In accordance with the requirements of the spenddown program at 18 NYCRR 360-4.8, if an incurred medical bill other than the CHHA bill is applied toward a spenddown, the spenddown amount allocated to the CHHA bill must be adjusted accordingly by the district, and the CHHA and Medicaid recipient notified of the adjustment.

Answers to questions raised regarding Medicaid billing for episodic CHHA payments for individuals who have a spenddown liability, as well as further information on episodic payments, can be found on the Department's website at [http://www.health.ny.gov/facilities/long\\_term\\_care/reimbursement/chha/index.htm](http://www.health.ny.gov/facilities/long_term_care/reimbursement/chha/index.htm).

If you have any questions, please contact your local district representative.