



# FACT SHEET

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<p><b>Why are changes Necessary?</b></p>	<ul style="list-style-type: none"> <li>• US Department of Health and Human Services Office of Inspector General (OIG) audit report on March 17, 2004 concluded that DMAS owed the federal Centers for Medicare and Medicaid Services (CMS) \$3.9 million in reimbursement for services (mostly physician and pharmacy services) furnished to children who resided in Institutions for Mental Disease (IMDs) that were not included in the rate to the IMD but were paid separately to other providers between July 1, 1997 through June 30, 2001. The reason for the disallowance was that federal law limits Medicaid to pay only for inpatient psychiatric services for individuals under age 21 in an IMD. DMAS appealed the subsequent disallowance issued by CMS, but lost the appeal.</li> <li>• CMS has issued new guidance on how to comply with federal limitations that the only allowable services for individuals in an IMD must meet the CMS requirements of inpatient psychiatric services</li> <li>• In response to the decision, and in accordance with CMS guidance, DMAS is changing regulations to permit separate billing for IMDs only when the IMD             <ul style="list-style-type: none"> <li>➤ arranges for and oversees the provision of all services in the comprehensive plan of care, including ancillary services that are not furnished directly by the IMD</li> <li>➤ makes referrals to Medicaid providers who are contracted or employed by the IMD to furnish ancillary services in the plan of care</li> <li>➤ requests and maintains medical records of <u>all</u> care furnished to the individual</li> <li>➤ ensures that <u>all services are furnished under the direction of a physician</u> (and physician signs off on <u>all</u> services in the Plan of Care)</li> </ul> </li> </ul>
<p><b>Implementation Date</b></p>	<ul style="list-style-type: none"> <li>• July 1, 2014</li> </ul>
<p><b>What does Ancillary services mean?</b></p>	<ul style="list-style-type: none"> <li>• The term “ancillary services” refers to any services provided to children in an IMD that are billed separate from the IMD per diem</li> </ul>
<p><b>Who is Affected</b></p>	<ul style="list-style-type: none"> <li>• IMDs: RTC – Level C and Freestanding Psychiatric Hospitals (Private and State) and any provider who furnishes services to Medicaid members residing in IMD facilities</li> </ul>
<p><b>Rate Changes</b></p>	<ul style="list-style-type: none"> <li>• There will be <b><u>no change</u></b> to the per diem rates paid to freestanding psychiatric hospitals (either private or state) or Level C Residential Treatment Centers</li> <li>• There will be <b><u>no change</u></b> to the rates paid to ancillary providers of services (physicians, pharmacies, etc.)</li> </ul>

<p><b>DMAS Goals</b></p>	<ul style="list-style-type: none"> <li>• Comply with CMS requirements and ensure that the federal government continues to share in the funding for services furnished Medicaid members in freestanding psychiatric hospitals and Level C Residential Treatment Centers</li> <li>• Minimize changes to the way services are furnished to Medicaid members in freestanding psychiatric hospitals and Level C Residential Treatment Centers</li> <li>• Minimize financial risk for freestanding psychiatric hospitals and Level C Residential Treatment Centers for non-psychiatric services</li> <li>• Minimize reimbursement changes for freestanding psychiatric hospitals and Level C Residential Treatment Centers and providers of services to children in these facilities</li> </ul>
<p><b>Proposed Facility Changes</b></p>	<p>While it is already required, it is essential that the plans of care for members in an IMD are comprehensive covering <u>all</u> medical, psychological, social, behavioral and developmental needs (including emergency services) even if the services to meet the needs are not furnished directly by the IMD. The plan must be updated as soon as new needs are identified.</p> <p>There are new requirements outlined below for freestanding psychiatric hospitals and Level C Residential Treatment Centers related to “ancillary services.” Ancillary services include professional and other services that DMAS will reimburse directly and are not included in the per diem reimbursement to the facility. Ancillary services not included in the facility per diem vary by state and private freestanding psychiatric hospitals and Level C Residential Treatment Center. See chart below:</p> <ul style="list-style-type: none"> <li>• “Arrange” and “oversee” all services in the comprehensive individual plan of care, including ancillary services that are not included in the facility per diem (this also applies to ancillary services for Medicaid members even if there is a non-Medicaid payer such as CSA for the IMD)</li> <li>• Contract with Medicaid service providers to furnish ancillary services in the plan of care for Medicaid individuals residing in the IMD</li> <li>• Make referrals to employed or contracted Medicaid providers to furnish the ancillary services in the plan of care</li> <li>• Obtain and maintain medical records from all providers of ancillary services</li> </ul>
<p><b>Proposed Ancillary Provider Changes</b></p>	<ul style="list-style-type: none"> <li>• Requirements for separate billing by ancillary providers <ul style="list-style-type: none"> <li>➢ The ancillary provider must either be employed by the IMD facility or have a contract with the IMD facility.</li> <li>➢ The ancillary provider must have a documented referral from the IMD facility for the services furnished to <u>Medicaid</u> children residing in the IMD facility</li> <li>➢ The ancillary provider must include the facility NPI in the referring provider field on the claim (the prescribing ID on drug claims must be for a prescriber who is employed or contracted by the IMD)</li> </ul> </li> <li>• Claims for non-facility providers for Medicaid members under age 21 in a freestanding psychiatric hospital (private or state) or Level C Residential Treatment Center will be denied (or recovered) if they don’t have the NPI of the referring facility on the claim</li> </ul>

	<b>Ancillary Services</b>	<b>RTC Level C</b>	<b>Private Freestanding Psychiatric Hospitals</b>	<b>State Freestanding Psychiatric Hospitals</b>	
<b>Services Eligible for Separate Billing</b>	Physician Services	Yes	Yes	No	
	Other medical and psychological services including those furnished by licensed mental health professionals and other licensed or certified health professionals (i.e. oral surgeons, nutritionists, podiatrists, respiratory therapists, substance abuse treatment practitioners)	Yes	Yes	No	
	Outpatient Hospital Services	Yes	Yes	No	
	Pharmacy services	Yes	No	Yes	
	Physical therapy, occupational therapy and therapy for individuals with speech, hearing or language disorders	Yes	Yes	No	
	Laboratory and radiology services	Yes	Yes	No	
	Durable medical equipment	Yes	No	No	
	Vision services	Yes	Yes	No	
	Dental and orthodontic services	Yes	Yes	No	
	Non-Emergency transportation services	Yes	Yes	No	
	Emergency services (including outpatient hospital, physician and transportation services)	Yes	Yes	Yes	
	<b>Who to Contact</b>	<p style="text-align: center;">Please contact the Behavioral Health Unit at DMAS  Phone: 804-786-1002 Email: <a href="mailto:CMHRS@dmass.virginia.gov">CMHRS@dmass.virginia.gov</a>  or  Please contact the Provider Helpline with billing questions  1-800-552-8627</p>			