Payment for Health Center Dental Services under Medicaid - Law, Policy and Pitfalls

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presented by:

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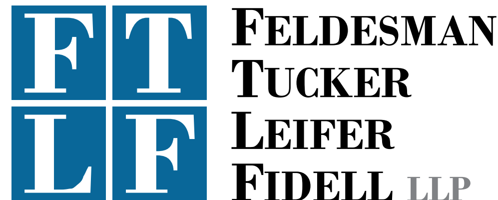

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Types of Payment Methodologies

- Fee-For-Service
- Cost Reimbursement (such as Medicare)
- Prospective Payment System (PPS)
- Alternative Payment Methodology (APM)

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What is Medicaid (Legally?)

- TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS
- Purpose: “medical assistance on behalf of families with dependent children and of aged, blind, or disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services” §1901 of SSA
- Like any federal grant program, the grantee (*i.e.* the State) has considerable discretion to implement program requirements
- But, it cannot implement those requirements in an arbitrary, capricious or unlawful manner. *WVU Hosp. v. Casey*, 885 F.2d 11 (3rd Cir. 1989)
- **Focus today:** Provision of Dental Services by Health Centers to Medicaid Beneficiaries

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How Does Medicaid Tie-in to § 330?

- Separate Programs, Separate Beneficiaries, Separate Authorizations, Separate Appropriations, hence Congress stated in the precursor to PPS:

  "To ensure that Federal [Public Health Service] Act grant funds are not used to subsidize health center or program services to Medicaid beneficiaries, States would be required to make payment for these [FQHC] services at 100 percent of the costs which are reasonable and related to the cost of furnishing those services."

  H.R.Rep. No. 101-247, reprinted in 1989 U.S.C.C.A.N. 1906, 2118-19.

- Two Key Points:
  - Each Program pays its fair share, fundamental principle of cost accounting – costs are allocated to benefitting objectives
  - Foundation of PPS is a cost-based rate to ensure that there is no subsidy from 330 to Medicaid and *visa-versa*.

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The 4 Key Elements of PPS (Must be in State Plan):

1. It's a individually determined "per visit rate" for **FQHC Services and other ambulatory services provided for in the State Plan.**
   - May be all-inclusive or different service rates
2. The "Rate" is based on an average of an FQHC's reasonable costs for 1999 and 2000 **"adjusted"** annually by:
   - Inflation using the Medicare economic index (MEI); and,
   - Increases or Decreases in the Scope of Services.
3. Wrap-around – a State must make up the difference between what an MCO pays an FQHC and what the State should have paid the FQHC at least every four months
4. Alternative Payment Methodology or "APM" – State and FQHC can agree to an alternative so long as FQHC is held harmless, *i.e.* PPS is a payment floor

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Analysis of an issue – what do we need?

- ✓ Federal Law
  - ✓ Social Security Act (Medicaid Statute)
  - ✓ Regulations (Title 42 and, possibly, Titles 2 and 45 of CFR)
  - ✓ SMDLs, State Medicaid Manual other CMS guidance
- ✓ State Law
  - ✓ State Medicaid Statute, if any
  - ✓ State Medicaid Regulations, if any
  - ✓ Billing manuals (FQHC, Managed Care, other services)
  - ✓ Your Provider Agreements w/State and MCOs
- ✓ Approved **State Plan**, SPAs and, pending SPAs

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Issues with PPS

- Issues with PPS include
  - Failure to include dental services in PPS rate
  - Offsetting grant funds
  - Caps and Screens
  - Payment for enabling services
- Current Audit issues
  - Allegations of Churning or Unbundling
  - Encounter Counts esp. using paid claims
  - Calculation of wraparound payments

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QUESTIONS?

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