
INTEROFFICE MEMORANDUM

DATE: December 4, 2006

TO: Early Steps Directors and Coordinators

FROM: Janice M. Kane, M.S.W.
Early Steps Bureau Chief
Children's Medical Services

SUBJECT: Cooperation between Early Steps and CMS Area Offices for
Assistive Technology Purchases

After many conversations within the department regarding the best approach for a statewide uniform rate structure for Assistive Technology, we have finally arrived at a simple solution. As part of the Children's Medical Services Network, Early Steps should benefit from the cost savings realized from the CMS Network area offices long standing relationships with Durable Medical Equipment (DME) vendors in conjunction with their CMS NETWORK PROVIDER REIMBURSEMENT policy which I have attached.

The attached memo from Phyllis Sloyer is asking the CMS Nursing Directors and Regional Program Administrators to assist in communicating with CMS/DME providers that your Local Early Steps (LES) is a contracted component of the CMS program and CMS is requesting that the DME provider accept equipment orders from your agency at the negotiated CMS rate. This will result in significant savings for the Early Steps system as we purchase approximately half a million dollars worth of assistive technology for our eligible children per year. Local Early Steps will be responsible for payment of the equipment.

The intent of this arrangement is for each Local Early Steps to explore the most cost effective purchasing route for assistive technology as follows:

- First determine if the assistive technology item can be purchased through Medicaid or private insurance.
- If not billable to Medicaid or private insurance work with your local CMS area office.
- If it is determined that ordering an item of assistive technology directly from the manufacturer is cheaper then purchasing through your local CMS area office it is permissible to do so without following the directive #4 of the policy document, CMS NETWORK PROVIDER REIMBURSEMENT.

Please schedule an appointment with your local Children's Medical Services Nursing Director or Regional Program Administrator (directory attached) to decide how to operationalize this arrangement. Our expectations are that you will have a process in place to purchase assistive technology through the CMS Network agreements no later than February 1, 2007. Your technical assistance liaison will follow up with you to check on your progress and offer assistance if needed.

This arrangement does not change the requirement to seek payment by Medicaid for Durable Medical Equipment utilizing the Medicaid DME approval process.

JMK/Imp

Attachment

cc: Phyllis Sloyer, CMS Network
Randy Wilcox, CMS Network
Vicki Posner, CMS Network
Don Meyer, CMS Network
Early Steps Bureau Staff
FICCIT

INTEROFFICE MEMORANDUM

DATE: December 4, 2006

TO: Children's Medical Services Nursing Directors
Children's Medical Services Regional Program Administrators

FROM: Phyllis J. Sloyer, R.N., Ph.D., Division Director
Children's Medical Service Network and Related Programs
Children's Medical Services

SUBJECT: Cooperation between Early Steps and CMS Area Offices for
Assistive Technology Purchases

As part of the Children's Medical Services Network, Early Steps should be able to benefit from the cost savings realized from our long standing relationships with Durable Medical Equipment (DME) vendors in conjunction with our CMS NETWORK PROVIDER REIMBURSEMENT policy. Early Steps purchases approximately half a million dollars worth of assistive technology (much of which is DME) for their eligible children per year.

With this memo, I am asking the CMS Nursing Directors and Regional Program Administrators to assist in communicating with CMS/DME providers that the Local Early Steps (LES) agency is a contracted component of the CMS program and CMS is requesting that the DME provider accept equipment orders from the LES agency at the negotiated CMS rate. This will result in significant savings for the Early Steps system. Local Early Steps will be responsible for payment of the equipment.

Local Early Steps staff will contact you to work out how you wish to operationalize this arrangement. Thank you for all you do for our Children's Medical Services children and families.

PJS/Imp

cc: Janice Kane, Early Steps
Randy Wilcox, CMS Network
Vicki Posner, CMS Network
Don Meyer, CMS Network
Early Steps Bureau Staff
FICCIT

CMS NETWORK PROVIDER REIMBURSEMENT

The CMS Network and Medicaid are both required by statute to provide children with medically necessary services, however the medical necessity criteria used by each may differ between the programs. The following are general reimbursement and reimbursement rate requirements.

Reimbursement

Medicaid Clients

1. All Medicaid benefit package covered services are to be billed to Medicaid. Medicaid procedures will be used to obtain by report and prior approval services, as well as quantity limitation overrides. Purchased Client Services funds are not to be used for Medicaid benefit package covered services.
2. Medicaid benefit package covered services that are denied by Medicaid may be reimbursed by the CMS Network with the approval of the area CMS Medical Director. Denials for billing problems are not valid reasons for the use of Purchased Client Services funds. The test applied by the CMS Medical Director is to be medical necessity. The CMS Medical Director may consult with other CMS physicians, the CMS Program office, or other appropriate sources in the decision making process.
3. Services not covered by the Medicaid benefit package are to be provided with the approval of the area CMS Medical Director if they are determined to be medically necessary. Documentation of medical necessity must appear in the client's medical record. Family support services may be provided.

Non-Medicaid Clients

The Medicaid benefit package is to be used. Services not covered by the Medicaid benefit package are to be provided with the approval of the area CMS Medical Director if they are determined to be medically necessary. Documentation of medical necessity must appear in the client's medical record. Family support services may be provided. Services provided to Safety Net clients are to be provided subject to the cost sharing agreement and/or the availability of funds.

Reimbursement Rates for All CMS Network Clients

1. Medicaid reimbursement rates are to be used for all services provided to CMS Network clients regardless of funding source. Medicaid policy is to be used with regard to service coding and coding appropriateness. Medicaid reimbursement rates are defined as:
 - The published Medicaid rate for the provided service.
 - The rate Medicaid would pay for a prior approval, by report, or miscellaneous coded service using Medicaid policy.
2. Physician services that do not have Medicaid rates, under special situations approved by the area Medical Director, are to be reimbursed at no more than 60% of the physician's usual and customary fee.

3. Equipment that is not covered by the Medicaid benefit package, which is purchased from a durable medical equipment provider, is to be reimbursed at no more than 80% of the usual and customary charge to the general public. This usual and customary charge is often referred to as the list price or catalog price. For items that are not listed, the manufacturer's suggested retail price is to be used as the usual and customary charge.
4. Durable Medical Equipment purchased directly from manufacturers must be coordinated through the CMS Program Office.