

**STATE OF WISCONSIN
Department of Health and Family Services
Division of Supportive Living**

**MEMO SERIES DSL 97-03
May 14, 1997**

**Re: MEDICAID POLICY FOR B-3
AND INSURANCE LIABILITY**

**To: Area Administrators/Assistant Area Administrators
County Birth to 3 Program Administrative Lead Agencies
County Birth to 3 Program Coordinators
County Departments of Social Services
County Departments of Developmental Disabilities Services Directors
County Departments of Human Services Directors**

**From: Gerald A. Bern
Administrator
Division of Supportive Living**

Wisconsin Medicaid and the state Birth to 3 Program have developed a new procedure that will improve county access to Medicaid reimbursement for early intervention therapy services, in certain situations. These situations occur when a family denies consent to bill their health insurance for services on a child's Individualized Family Service Plan when the child is Medicaid eligible. The county may now pay an average insurance liability amount instead of billing private insurance. The Medicaid-certified provider may submit a claim to Medicaid indicating that "other insurance paid" once they have documented the receipt of the Birth to 3 agency's payment of the insurance liability. The attached Medicaid Update describes the situations and procedures related to the Birth to 3 agency's payment of the insurance liability.

This procedure has been created because Federal IDEA Part H regulations for the Birth to 3 Program allow the parent of an eligible child to refuse consent to bill their private health insurance if it results in a cost to the family. Cost to the family includes: reaching the lifetime limit on a policy, an increase in premiums, co-pays, deductibles or other negative consequences. When parents deny consent, Birth to 3 agencies, or their providers, have been unable to submit a claim to Medicaid for Medicaid eligible children. This was because Medicaid required providers to indicate on the claim a disclaimer code that the insurance payment is made when the family has health insurance.

This new Medicaid policy allows counties to pay a specified insurance liability for each therapy service, per child, per month. The county documents their payment of the specified insurance liability. The Medicaid-certified provider will then be able to bill Medicaid for this service. The

Document Summary:

This memo describes a new Medicaid procedure allowing county Birth to 3 agencies to assume third party health insurance liability when families refuse consent to bill their private insurance for Medicaid covered therapy services listed on their child's IFSP. The Medicaid Update related to this procedure is attached.

service must be a Medicaid allowable therapy service. This policy does not change existing Medicaid billing, coverage, prior authorization and billing requirements for therapy services.

Medicaid-certified providers will be able to back bill up to 365 days after the date of service, for therapy services on an eligible child's IFSP, by appropriately documenting receipt of the insurance liability according to this policy and by completing all other required Medicaid procedures.

The amount of third party health insurance liability is based on the average insurance payment for Birth to 3 services in Wisconsin. These figures will be adjusted, as necessary, in the future to reflect accurate averages for the state.

ACTION SUMMARY STATEMENT: County Administrative agencies for the Birth to 3 Program may assume third party liability. The Birth to 3 agency, if a Medicaid certified provider, or another Medicaid-certified provider delivering therapy services, as listed on a child's Individualized Family Service Plan, may bill Medicaid for those services which exceed the health insurance average liability listed in the Medicaid Update.

**CENTRAL OFFICE CONTACT: Beth Wroblewski
Birth to 3 Program coordinator
Division of Supportive Living
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Madison, WI 53707-7851**

**cc: DSL Bureau Directors
Licensing Chiefs
Section Chiefs
Tribal Chairpersons/Human Services Facilitators
Direct Services supervisors**

WISCONSIN MEDICAID UPDATE

May 7, 1997

UPDATE 97-14

TO:
Birth to 3 Agencies
County Departments of Community
Programs

Birth To 3 Agencies May Pay Medicaid Insurance Liability In Certain Situations

Insurance liability requirement

Wisconsin Medicaid requires Medicaid providers to seek payment from a recipient's health insurance before seeking payment from Wisconsin Medicaid [42 Code of Federal Regulations, 433.139 (c)]. Wisconsin Medicaid obtained a federal waiver allowing Birth to 3 agencies to pay the required health insurance liability amount for *therapy* services when parents do not consent to accessing their health insurance.

Federal regulations allow the parents of a child with a Birth to 3 Individualized Family Service Plan (IFSP) receiving services to refuse consent to bill their health insurance (34 Code of Federal Regulations, 303.154) if it results in a cost to the family. Cost to the family includes: reaching the lifetime limit on a policy; an increase in premiums, co-payments, deductibles, or other negative consequences.

Paying insurance liability when parents do not consent to accessing health insurance

Birth to 3 agencies may pay the insurance liability when all of the following occur:

- The Medicaid-eligible child is receiving Birth to 3 *therapy* services under an IFSP.
- The parents do not allow their Medicaid provider or Medicaid HMO to bill their health insurance first.

Follow attached procedures

The procedures in Attachment 1 apply only when parents of a Medicaid-eligible child receiving *therapy* services under an IFSP deny permission to a Medicaid-certified provider to bill the recipient's health insurance. These procedures do *not* apply when: 1) the recipient is not covered by health insurance, 2) the parent gives permission to bill their health insurance, or 3) services are not covered under an IFSP.

Refer to: Attachment 1 for the procedures, Attachment 2 for determining the monthly insurance liability amount, and Attachment 3 for the Explanation of Benefits Notice issued by the Birth to 3 agency.

No change to other Medicaid requirements

After a Birth to 3 agency pays the insurance liability, the Medicaid-certified provider uses standard billing procedures and disclaimer codes to bill the balance of the charges to Wisconsin Medicaid.

There is no change to existing Wisconsin Medicaid billing requirements, coverage, prior authorization, or limitations for therapy services.

POH 1558

**Procedures to Follow
When the Birth to 3 Agency Pays the Health Insurance Liability**

Follow these procedures when any Medicaid provider (including Medicaid-certified therapy providers who are county employees working for Birth to 3 agencies) seeks the payment from the Birth to 3 agency. These procedures apply only to Medicaid-eligible recipients receiving *therapy services* under an Individualized Family Service Plan (IFSP) when the child's parents/guardian do *not consent* to billing their health insurance.

- Step 1.** The provider identifies that the Medicaid claim is for a recipient receiving therapy services under an IFSP and the child's parents/guardian did not consent to billing their health insurance.
- Step 2.** The provider identifies the usual and customary charges, per month, per type of therapy service (occupational therapy, physical therapy, or speech language pathology).
- Step 3.** The provider bills the charges to the Birth to 3 agency.
- Step 4.** The Birth to 3 agency identifies the monthly insurance liability amount per type of therapy from Attachment 2, "Monthly Insurance Liability Amount."
- Step 5.** The Birth to 3 agency pays the insurance liability amount identified in Step 4. When paying the Medicaid provider, the Birth to 3 agency needs to send copies of: 1) the Explanation of Benefits Notice and 2) the invoice. When the Medicaid-certified therapy provider works for the Birth to 3 agency, be sure to clearly identify the accounting transaction in the agency's records. Retain the Explanation of Benefits Notice in the recipient's records.
- Step 6.** The provider identifies the balance to be billed to Wisconsin Medicaid. For each type of therapy, subtract the monthly total insurance liability amount paid in Step 5 from the monthly total usual and customary charges identified in Step 2. The resulting amount is the balance billable to Wisconsin Medicaid.

For any month in which the monthly usual and customary charges are less than the monthly insurance liability amount, by therapy type, the Birth to 3 agency pays the entire amount owed up to the insurance liability for that therapy type. In this situation, the Birth to 3 agency or the Medicaid provider does *not* bill Wisconsin Medicaid for the therapy services.

Step 7. The Medicaid provider completes the HCFA 1500 paper claim form or Medicaid electronic format following standard billing instructions. Also, the following instructions show how to apply the standard billing instructions for this specific situation:

Health Insurance Payment

HCFA 1500: Indicate a health insurance payment was made by the Birth to 3 agency by entering the OI-P disclaimer code in Element 9.

Electronic format: Indicate a health insurance payment was made by the Birth to 3 agency by entering P in the field "OI."

Total Monthly Charges

HCFA 1500: Enter the total monthly charges resulting from Step 2 into Element 28.

Electronic format: Enter the total monthly charges in field "TOT BILL."

Total Monthly Insurance Liability Paid

HCFA 1500: Enter the total monthly insurance liability paid in Step 5 into Element 29.

Electronic format: Enter the total monthly insurance liability in field "OI PAID."

Balance Due

HCFA 1500: Enter the balance due (from Step 6) in Element 30.

Electronic format: Enter the balance due in field "NET BILL."

Step 8. For questions related to Medicaid billing, coverage, and prior authorization requirements, refer to Medicaid provider handbooks and Medicaid Updates or contact Wisconsin Medicaid's fiscal agent, EDS.

PROVIDER CORRESPONDENCE
EDS
6406 BRIDGE ROAD
MADISON WI 53784-0006
1-800-947-9627 or 608-221-9883

Monthly Insurance Liability Amount

This table shows the monthly insurance liability amount, per therapy type, that the Birth to 3 agency pays. Birth to 3 agencies must pay the monthly insurance liability amount only when the child's parents/guardian do *not consent* to billing their health insurance.

Monthly Insurance Liability Amount* Per Type of Therapy Service Payable by Birth to 3 Agency

| Therapy Type | Liability Amount |
|---------------------------|------------------|
| Speech Language Pathology | \$106.00 |
| Physical Therapy | \$127.00 |
| Occupational Therapy | \$118.00 |

* These amounts will be periodically updated.

**Wisconsin Birth to 3 Agency
Explanation of Benefits Notice**

Birth to 3 agencies may pay the monthly insurance liability amount only when the child's parents/guardian do *not consent* to billing their health insurance.

Explanation of Benefits Notice

DATE: _____

TO: _____
(Medicaid Provider)

FROM: _____
(Birth to 3 Agency)

As allowed by Wisconsin Medicaid, attached is the health insurance liability payment for the services invoiced to us (see attached). Please retain this for your records.

Recipient Name: _____

Recipient Medicaid ID Number: _____

Therapy Type: Speech Language Pathology_____

 Physical Therapy_____

 Occupational Therapy_____

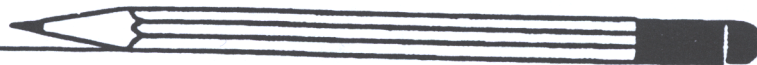
Date(s) of Service: _____

Insurance Liability Amount Paid: _____

IMPORTANT!

PLEASE ROUTE IMMEDIATELY

- OFFICE/CLINIC MANAGER
- BILLING SUPERVISOR
- BILLING STAFF
- MEDICAL STAFF
- OTHER: _____



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