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TO: Mary C. Mayhew, Commissioner, Department of Health and Human Services
FROM: Patricia Dushuttle, Director, Division of Policy, MaineCare Services
DATE: March 17, 2011
SUBJECT: Billing Concerns for School based MaineCare Services for Physical Therapy, Occupational Therapy, and Speech Language Pathology Services

This memo summarizes recent billing concerns raised by School based MaineCare providers seeking payment for Physical Therapy (PT), Occupational Therapy (OT), and Speech Language Pathology Services (SP).

Pertinent History: School based MaineCare services have seen significant changes in the implementation of MIHMS. The Department identified HIPAA compliant codes and standard rates for PT, OT, and SP services, which had formerly been bundled into one monthly rate. MaineCare school based providers must now bill these PT, OT and SP under the following sections of policy in the MaineCare Benefits Manual:

- 68: Physical Therapy
- 85: Occupational Therapy
- 109: Speech Therapy.

Clinical staff who provide these services (Physical Therapists, Occupational Therapists, and Speech Language Pathologists) must have a federally designated National Provider Identification (NPI) number in order to be reimbursed.

Identification of Problem: When configuring the MIHMS system for these services, it was anticipated that the schools, enrolled as providers, would enroll their employed or contracted staff under their own provider identification numbers as rendering providers to assure that these services could be identified as services for which the Department of Education is responsible for funding.

It was not anticipated that these services provided in the school setting would actually be provided by hospital based providers who are going into the school to provide the services. This was not known because the schools previously billed a bundled rate and then contracted separately with providers. It has now been determined that some schools, particularly those in rural and unorganized territories of Maine, previously contracted with hospitals to provide outpatient services such as PT, OT, and SP. This approach is problematic, as hospital based reimbursement differs from the rates reimbursed to independent clinicians in the community, due to the allowable faculty component reimbursed to hospitals. Also, hospital based providers do not require a NPI number for reimbursement of services.

When schools contract with any provider, they must be able to enroll them under their own provider identification number in order to identify the Medicaid seed. Since hospital providers do not have a NPI number, schools are not able to enroll these hospital based providers (or any other provider without a NPI) so as to receive reimbursement for them. These providers may also not be willing to receive the reimbursement the school can bill for, since hospital based reimbursement differs. This creates a hardship for these schools that are required to deliver the services, as they cannot bill MaineCare for the formerly contracted providers. With no resolution to this current situation, these services will need to be funded through the Department of Education without federal matching through the MaineCare program available.

Recommendations: The Department established a methodology for reimbursing these services and can identify those claims when rendered in a school so that adjustments can be made between the DHHS and DOE budgets. That configuration allows for Department of Education to seed the services and assures the most cost efficient reimbursement of those services. Reimbursement in this scenario is not as high as those rates paid to a hospital, which includes an additional facility component.

It is not recommended that the Department change the current methodology configured in MIHMS and reflected in MaineCare rules. Changes would require additional MIHMS configuration, which would not be immediately completed and would have additional configuration costs. That payment methodology could also raise concerns with the Centers for Medicare and Medicaid Services (CMS), as the higher reimbursement to a hospital based provider is not the most efficient way to deliver these services in the community. State Medicaid programs are required to reimburse services in the most cost effective manner possible.

There appear to be only three options for schools to be able to leverage federal match for providing medically necessary services under MaineCare:

- 1) Schools can negotiate with hospital based providers to contract out their hospital staff under the school's enrollment (which will require the hospital to have those clinical staff obtain NPI numbers), and accept the school's allowable rate of reimbursement; or
- 2) Schools can allow the hospital to provide those medically necessary services under the hospital's billing identification, or
- 3) Schools can identify independent providers in the community to service their students by enrolling under the school's MaineCare enrollment.