

Dear Hospital Providers:

The purpose of this letter is to inform you of a change in Medicaid policy regarding inpatient and outpatient hospital claims reimbursed beyond state plan limits. The Florida Medicaid state plan limits hospital services to 45 inpatient days per fiscal year for recipients 21 and over, and \$1500 in the same period for outpatient services that are not otherwise exempt from the outpatient cap. The limits in the state plan are approved by the Centers for Medicare and Medicaid (CMS).

Over the past year and a half, Medicaid has been reimbursing emergency inpatient and outpatient services over state set limits because the federal Balanced Budget Act of 1997 mandated states to “cover (i.e., pay for) emergency services...” without regard to state set limits and the number of visits. This directive from the office of CMS was clarified in an April 18, 2000 letter to state Medicaid directors. Florida Medicaid complied with the mandate and claims with dates of service from January 1, 2000 to the present have been reimbursed over the 45-day inpatient cap and the \$1500 outpatient cap when the admission to the hospital was an emergency and the recipient’s hospital benefits were exhausted. Hospital Medicaid billing personnel have been forwarding “cap exhausted emergency claims” with medical records to Tallahassee for review and approval of payment over the state set limits. Overrides of edits such as 650 (Cap exhausted) and others were performed by AHCA to enable payment of the claims that met exception criteria.

Recently, the Centers for Medicare and Medicaid issued an interpretation of the term “covered” as it relates to coverage of hospital services, including emergencies. In its June 17, 2002, letter to Florida Medicaid, CMS indicated that “the interpretation of the word “covered” as in “covered inpatient and outpatient services”, in paragraph 1932(B)(2) of the Social Security Act, can only mean “those services covered under the State Plan.” CMS’ change in the interpretation of the term “covered” allows Florida Medicaid to resume its coverage of inpatient and outpatient hospital services up to the limits set by state plan while maintaining its compliance with federal law. Therefore, effective with dates of service on and after September 1, 2002, Florida Medicaid will no longer reimburse hospital days in excess of 45, inpatient, nor in excess of \$1500, outpatient, for recipients of age 21 and over, regardless of the type of admission. Please note that outpatient services already exempt from the outpatient cap are not affected. There are no changes in hospital policy in this regard for children under 21.

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Please advise your chief financial officers, Medicaid billing agents, Medicaid billing managers and personnel of this change. Hospitals must discontinue sending "BBA emergency claims with benefits exhausted" to the Tallahassee Medicaid office, if the claim dates of service are on or after September 1, 2002. For those hospital providers who still have unsubmitted "BBA emergency claims with exhausted benefits" with dates of service on or after January 1, 2000, through August 31, 2002, Medicaid will continue to receive, review, and reimburse the claims if appropriate and medically necessary. Claims submitted with dates of service on or after September 1, 2002 on, will be returned to the provider.

If you have questions, please call your local area Medicaid office. Again, thank you for your services to Florida Medicaid recipients.

Sincerely,

Bob Sharpe
Deputy Secretary for Medicaid

Cc: Kathy Reep, Florida Hospital Association
Medicaid Field Office Managers, Areas 1-11
Bob Maryanski, AHCA Administrator, Long Term Care
David Rogers, AHCA Administrator, MediPASS
Robbie Mitchell, Medicaid Contract Management