



JEB BUSH, GOVERNOR

LAURA BRANKER, ACTING SECRETARY

August 6, 2001

Dear Hospital Provider:

This letter is to inform you of an upcoming change in Medicaid's reimbursement of Medicare Part B crossover claims.

Historically, Medicaid reimbursed the Part B deductible and twenty percent based on provider charges. This reimbursement policy was in effect for hospital providers when changes in the crossover methodology occurred in 1998 as a result of the passage of the federal Balanced Budget Act (BBA) of 1997. On July 1, 1998, Medicaid implemented the BBA crossover reimbursement changes for all affected provider types. Hospital and nursing home crossover reimbursement were exempted from the BBA changes.

In the 2001 legislative session, the Florida Legislature, (Senate Bill [CSSB] 792, removed the exemption for hospital and nursing home providers. CSSB 792 imposed the same reimbursement methodology of Medicare Part B crossovers to hospitals.

The crossover policy, contained in Florida Statutes, Chapter 409, Section 409.908 (a), (b), (c), and (d), provides the criteria for reimbursement of Medicare Part B crossovers to Medicaid providers. That policy was in effect three years for the other Medicaid providers, and went into effect for hospital providers, beginning July 1, 2001. Implementation was effective upon the Medicaid fiscal agent's completion of system changes. Medicare Part B crossover payments to hospital providers are calculated utilizing the criteria noted below.

- Medicaid will make no payment toward Medicare Part B deductibles and coinsurance for any service that is not covered by Medicaid.
- Medicaid's financial obligation for deductibles and coinsurance payments will be based on the Medicare allowable amount, not on the provider's billed charges.
- Medicaid will pay no portion of the Medicare deductible and coinsurance when the payment that Medicare has made for the service equals or exceeds what Medicaid would have paid if it had been the sole payor. The combined payment of Medicare and Medicaid shall not exceed the amount Medicaid would have paid had it been the sole payor.



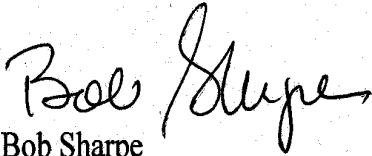
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Please note that there is no change in Medicaid's reimbursement for Medicare Part A crossover claims. Medicaid will continue to reimburse the Medicare inpatient deductible per spell of illness, and the blood deductible, if applicable. Medicaid does not reimburse Medicare inpatient coinsurance.

If you have any questions, please contact John Owens, Chief, Medicaid Program Analysis and Cost Reimbursement at (850) 414-2756.

Thank you for your services to Florida Medicaid recipients.

Sincerely,

  
Bob Sharpe  
Deputy Secretary for Medicaid

BS/om

Cc: Kathy Reep, Vice President/Financial Services  
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