



JEB BUSH, GOVERNOR

RHONDA M. MEDOWS, MD, FAAFP, SECRETARY

April 1, 2003

Dear Medicaid Provider:

This letter is to notify you about changes in the Medically Needy/Share of Cost program that go into effect May 1. This is a program that serves people whose income and assets are too high for full Medicaid eligibility. To receive Medicaid in any month, they must meet a share of cost that is established for them by the Department of Children and Families. You may also have heard this referred to as a "spend-down" program.

In the past Medicaid has paid the entire medical bill even if only part of that bill was applied to the person's share of cost. Because of federal regulations and Florida legislation passed last year, on May 1 the beneficiary will be responsible for the entire share of cost amount. Our claims system will edit for the person's share of cost for services provided on or after May 1.

Here is an example of how this will work:

Mary Smith's monthly share of cost = \$500

Mary had 3 bills:	<u>Date of Service</u>	<u>Bill Amount</u>
	May 2	\$ 50
	May 2	\$200
	May 5	\$300

Because Mary met her share of cost on May 5, she is eligible for Medicaid from May 5 through May 31. Using its regular fee schedule, Medicaid will pay up to \$50 of her bill on May 5. Mary is responsible for the other \$250 of that bill plus the \$250 from the two charges on May 2.

Beginning May 1, the claims you submit for your Medically Needy patients will be applied against the share of cost on a first come/first served basis, much like private health insurers apply annual deductibles to their claims. Claims after the first day of Medicaid eligibility each month will pay as they have in the past.

It is important to note that providers' submitted charges, rather than the Medicaid allowable cost, will be applied to the spend-down amount. This is because share of cost is based on medical expenses incurred by the patient. Any claim that has been reduced in whole or in part because of the spend-down requirements will be identified on the remittance voucher you receive. Your staff would then bill the patient for the share of cost owed by the patient.



While this change places additional financial responsibility on the beneficiary, we also are implementing an expanded income disregard that should reduce the actual share of cost for most Medically Needy participants. All affected beneficiaries are receiving letters from Medicaid about the changes along with contact numbers at the Department of Children and Families and local Medicaid offices where they can get help if they do not understand the changes.

To help you serve your Medically Needy patients, eligibility verification systems will be modified to tell you the current spend-down amount for each patient. I appreciate the services you provide through Florida's Medicaid program. Please call your local Medicaid office at the Agency for Health Care Administration if you have any questions.

Sincerely,

Bob Sharpe
Deputy Secretary for Medicaid

BS/as/pm/cr