



M E D I C A I D B U L L E T I N

B T 1 9 9 9 0 1

J A N U A R Y 1 1 , 1 9 9 9

To: All Indiana Medicaid Home Health Providers

**Subject: Change in Reimbursement and Cost Reporting Rules
 for Home Health Providers**

Overview

This bulletin is to notify all home health providers of the changes in the reimbursement and cost reporting rules and penalties pursuant to LSA Document #98-104 (F), published at 22 IR 433 and effective January 1, 1999.

Reimbursement

There are changes in the reimbursement rule. However, these changes do not affect rate-setting.

Interim Home Health Reimbursement Policy

Reference to interim home health reimbursement policy, as found at 405 IAC 1-4.2-1, has been eliminated. This change does not affect current reimbursement policy as the standard, statewide prospective reimbursement rates for home health services have been computed pursuant to 405 IAC 1-4.2-4 since January 1, 1998.

Non-Billable Staffing Costs

The reporting requirement for non-billable staffing costs for home health agency rate calculations has been eliminated. This change does not affect current rate-setting since most providers did not report non-billable staffing costs during the last reporting period.

As a result of this rule change, home health providers are no longer required to report non-billable staffing costs with the

annual financial report data. Therefore, non-billable staffing costs will not be reviewed in determining the new home health rates effective January 1, 1999.

Cost Reporting

Changes specific to cost reporting requirements for home health agencies are reflected in revisions to the penalties imposed when a home health agency does not timely file an annual financial report or financial and statistical documentation requested by the Office of Medicaid Policy and Planning (OMPP) or its contractor. These rule changes are intended to increase compliance with reporting requirements. Increased compliance will mean that future home health agency rates will more likely reflect the costs of a greater proportion of providers and, thus, reflect greater accuracy in reimbursement.

Failure to Timely Submit an Annual Financial Report

Pursuant to 405 IAC 1-4.2-3.1, home health agencies are required to file an annual financial report not later than 150 days after the close of the provider's reporting year. Extension of the filing period can be granted if the provider substantiates to the OMPP circumstances which preclude a timely filing.

However, when an annual financial report is 30 days past due and an extension has not been granted, 405 IAC 1-4.2-3.1(c) now requires that payment for all Indiana Medicaid claims filed by the provider be withheld effective on the first day of the month following the 30th day the annual financial report is past due. Payment shall continue to be withheld until the first day of the month after the delinquent annual financial report is received. After receipt of the delinquent annual financial report, the dollar amount paid to the provider for the claims withheld will be 90 percent of the amount which would have been paid if the provider had not been subject to the penalty. The provider cannot recover reimbursement lost because of the 10 percent penalty.

When an annual financial report is 60 days past due and an extension has not been granted, the OMPP will notify the provider that their participation in the Indiana Medicaid program will be terminated. The termination will be effective on the first day of the month following the 90th day the annual financial report is past due, unless the provider submits the delinquent annual financial report prior to the date of termination.

If a home health provider is under penalty due to failure to timely submit an annual financial report when this rule change is implemented January 1, 1999, the new penalties will be immediately imposed on the provider. Therefore, if a home health provider is under penalty as of January 1, 1999, the OMPP will send written notification to the provider that 100 percent of Indiana Medicaid claims paid to the provider will be withheld effective February 1 and until the first day of the month after the delinquent annual financial report is received. However, if the provider's annual financial report is already 60 days past due as of January 1, 1999, the OMPP will also send written notification to the provider that their participation in the Indiana Medicaid program will be terminated on the date specified in the notice. The effective date will be the first day of the month following the 30th day after the date of the notice. The provider will then be terminated from participation in the Indiana Medicaid program on the date specified unless the provider submits the delinquent annual financial report prior to the date specified.

Failure to Timely Submit Financial and Statistical Documentation Requested by the OMPP or Its Contractor

Pursuant to 405 IAC 1-4.2-4, home health agencies are required to submit financial and statistical documentation that is requested by the OMPP or its contractor. When a home health agency fails to timely submit requested documentation, 405 IAC 1-4.2-4(j) now permits imposition of a penalty.

If the OMPP or its contractor has not received requested documentation within 30 days of the request, payment for all Indiana Medicaid claims filed by the provider will be withheld effective the first day of the month following the 30th day after the documentation was requested. Payment will continue to be withheld until the first day of the month after the OMPP or its contractor receives the requested information.

If the requested information has not been received by the OMPP or its contractor within 60 days of the request, the OMPP will notify the provider that their participation in the Indiana Medicaid program will be terminated. The termination will be effective on the first day of the month following the 90th day after the documentation was requested, unless the OMPP or its contractor receives the requested documentation prior to the date of termination.

If a home health provider has not responded to a request from the OMPP or its contractor for financial or statistical documentation within 30 days of the request when this rule change becomes

effective on January 1, 1999, the new penalties will be immediately imposed on the provider. Therefore, if a request from the OMPP or its contractor for financial or statistical documentation has been outstanding for 30 days as of January 1, 1999, the OMPP will send written notification to the provider that 100 percent of Indiana Medicaid claims paid to the provider will be withheld effective February 1, 1999 and until the first day of the month after the delinquent response is received. However, if the request for documentation has been outstanding for 60 days as of January 1, 1999, the OMPP will also send written notification to the provider that their participation in the Indiana Medicaid program will be terminated on the date specified in the notice. The effective date will be the first day of the month following the 30th day after the date of the notice. The provider will then be terminated from participation in the Indiana Medicaid program on the date specified by the notice unless the OMPP or its contractor receives the requested documentation prior to the date specified.

If a home health agency is currently under penalty due to failure to timely submit an annual financial report and has not responded within 30 days to a request from the OMPP or its contractor for financial or statistical documentation relating to a prior reporting period when this rule change becomes effective on January 1, 1999, only the delinquent annual financial report will be due. In this circumstance, the OMPP will not impose two 10 percent penalties upon claims paid to the respective provider number.

If you have any questions regarding these reimbursement and cost reporting changes, please contact Myers and Stauffer LC at (317) 846-9521 or 1-800-877-6927.