

To:
Rural Health
Clinics
HMOs and Other
Managed Care
Programs

Wisconsin Medicaid rural health clinic reimbursement available when recipient has commercial insurance

If a Medicaid recipient who receives care from a rural health clinic (RHC) has commercial insurance, this *Update* explains when:

- Medicaid fee-for-service should be billed.
- The encounter and corresponding Medicaid payment should be included on the cost report.

Definitions

The following terms are used in this *Update* and are defined below.

Fee-for-service

Fee-for-service (FFS) is the traditional health care payment system under which physicians and other providers receive a payment for each unit of service provided rather than a capitation payment for each recipient.

Commercial health insurance

Wisconsin Medicaid defines *commercial health insurance* as any type of health benefit, not obtained from Medicare or Wisconsin Medicaid, that provides coverage of a recipient's health care.

Final settlement

The *final settlement* is the final Medicaid reconciliation payment made to the rural health clinic (RHC) on the basis of an all-inclusive encounter rate.

Types of rural health clinics

Rural health clinics can be privately or publicly owned. The two types of RHCs are:

- Independent RHCs: These RHCs are freestanding and are not part of a hospital, skilled nursing facility, or home health agency.
- Provider-Based RHCs: These RHCs are part of a hospital, skilled nursing facility, or home health agency, and may be either located within the parent organization or in a satellite clinic.

Medicaid encounter rate

The Medicaid encounter rate for independent RHCs and provider-based RHCs in rural hospitals with 50 beds or more is based on 100% of reasonable costs, up to the Medicare encounter rate. For provider-based RHCs in rural hospitals with less than 50 beds, the Medicaid encounter rate is based on 100% of reasonable costs.

Allowable encounter

For purposes of calculating Medicaid's final reconciliation payment for RHCs, an RHC *allowable encounter* is defined as a face-to-face encounter between a Medicaid recipient and any Medicaid-certified physician, physician assistant, nurse practitioner, nurse midwife, clinical psychologist, or clinical social worker. Encounters with more than one health professional and multiple encounters with the same health professional on the same day at one location comprise a single encounter (except cases when the recipient, after the first encounter, suffers an illness or injury requiring additional diagnosis or treatment).

Medicaid rural health clinic reimbursement available and billing requirements

When an eligible Medicaid recipient's record shows the recipient has commercial insurance, use the following guidelines for FFS billing.

Submit a FFS claim to Wisconsin Medicaid when commercial insurance reimburses either one of the following:

- Less than the current year's final settlement Medicaid encounter rate and less than the charge.
- Zero or denies coverage.

Report the Medicaid encounter and any commercial insurance payments received in the Medicaid cost report.

Do not submit a FFS claim to Wisconsin Medicaid when commercial insurance reimburses either one of the following:

- An amount greater than the current year's final settlement Medicaid encounter rate.
- The full amount of the charge.

Do not include the encounter or payments received in the Medicaid cost report.

The following are some examples illustrating this in practice. For simplicity, Medicaid's RHC encounter rate will be \$60 and its maximum FFS reimbursement will be \$30 in each of the following scenarios.

Scenario 1

When insurance denies or reimburses zero, but the recipient record indicates commercial insurance coverage, then:

- Bill the Medicaid FFS claims system.
- Include the encounter and payments received in the Medicaid cost report.
- This is considered a Medicaid-only encounter.

Example:

- | | |
|------------------------|------|
| • RHC charges | \$50 |
| • Paid by insurance | \$0 |
| • Bill Medicaid FFS? | Yes |
| • Medicaid FFS payment | \$30 |
- (indicated in the Medicaid cost report)
- | | |
|--|-----|
| • Include the encounter and insurance payment in the Medicaid cost report? | Yes |
|--|-----|

$\$60$ (encounter rate) - $\$30$ (FFS payment) = $\$30$ (amount payable to provider at final settlement)

Scenario 2

When insurance reimburses your RHC charges in full, then:

- Do not bill the Medicaid FFS claims system.
- Do not include the encounter in the Medicaid cost report.

Example:

- | | |
|--|------|
| • RHC charges | \$42 |
| • Paid by insurance | \$42 |
| • Bill Medicaid FFS? | No |
| • Include the encounter and insurance payment in the Medicaid cost report? | No |

Scenario 3

When insurance reimburses *less* than your RHC charges and *less* than the RHC encounter rate, but *more* than Medicaid's FFS maximum allowable fee, then:

- Bill the Medicaid FFS claims system.
- Include the encounter and the payments received in the Medicaid cost report.

Example:

- | | |
|--|------|
| • RHC charges | \$65 |
| • Paid by insurance | \$45 |
| • Bill Medicaid FFS? | Yes |
| • Medicaid FFS payment (indicated in the Medicaid cost report) | \$0 |
| • Include the encounter and insurance payment in the Medicaid cost report? | Yes |

\$60 (encounter rate) - \$45 (insurance payment) = \$15 (amount payable to provider at final settlement)

Scenario 4

When insurance reimburses *less* than your RHC charges, *less* than Medicaid's FFS maximum allowable fee, and *less* than the RHC encounter rate, then:

- Bill the Medicaid FFS claims system.
- Include the encounter and the payments in the Medicaid cost report.

Example:

- | | |
|--|------|
| • RHC charges | \$50 |
| • Paid by insurance | \$25 |
| • Bill Medicaid FFS? | Yes |
| • Medicaid FFS payment (indicated in the Medicaid cost report) | \$5 |
| • Include the encounter and insurance payment in the Medicaid cost report? | Yes |

\$50 (charge) - \$25 (insurance payment) - \$5 (FFS payment) = \$20 (amount payable to provider at final settlement)

Scenario 5

When insurance reimburses *more* than your RHC encounter rate and *less* than your RHC charges, then:

- Do not bill the Medicaid FFS claims system.
- Do not include the encounter and the payments in the Medicaid cost report.

Example:

- | | |
|--|------|
| • RHC charges | \$80 |
| • Paid by insurance | \$70 |
| • Bill Medicaid FFS? | No |
| • Include the encounter and insurance payment in the Medicaid cost report? | No |

Commercial insurance requirement and verification

Federal and state regulations require providers to bill a recipient's commercial insurance plan and Medicare before billing Medicaid.

To verify whether the recipient has commercial insurance, providers may access Wisconsin Medicaid's Eligibility Verification System (EVS), which includes the following eligibility verification methods:

- A magnetic stripe card reader that may be purchased through a commercial eligibility verification vendor.
- Personal computer software that may be purchased through a commercial eligibility verification vendor.
- Wisconsin Medicaid's Automated Voice Response (AVR) system. Call (800) 947-3544 or (608) 221-4247.
- Wisconsin Medicaid Provider Services. Call (800) 947-9627 or (608) 221-9883.
- The Direct Information Access Line with Updates for Providers (Dial-Up). Providers may purchase this system from Wisconsin Medicaid by calling (608) 221-4746.

Providers may not hold recipients responsible for any commercial cost-sharing amounts, such as copayments, deductibles, or coinsurance. Refer to the December 2000 *Wisconsin Medicaid and BadgerCare Update* for more information on commercial health insurance cost-sharing.

This *Update* applies to fee-for-service Medicaid providers only. If you are a Medicaid HMO network provider, contact your managed care organization for more information about its procedures. Wisconsin Medicaid HMOs are required to provide at least the same benefits for enrollees as those provided under fee-for-service arrangements.

The *Wisconsin Medicaid and BadgerCare Update* is the first source of program policy and billing information for providers.

Although the *Update* refers to Medicaid recipients, all information applies to BadgerCare recipients also.

Wisconsin Medicaid and BadgerCare are administered by the Division of Health Care Financing, Wisconsin Department of Health and Family Services, P.O. Box 309, Madison, WI 53701-0309.

For questions, call Provider Services at (800) 947-9627 or (608) 221-9883 or visit our Web site at www.dhfs.state.wi.us/medicaid/.