

To:
Individual Medical
Supply Providers
Medical Equipment
Vendors
Pharmacies
HMOs and Other
Managed Care
Programs

Prior authorization of durable medical equipment and Medicaid managed care programs

This *Wisconsin Medicaid and BadgerCare Update* provides clarification on policy regarding prior authorization (PA) procedures for durable medical equipment (DME) when a recipient enrolls in or disenrolls from a Medicaid HMO, special managed care program or a Family Care care management organization (CMO).

General policy for fee-for-service and Medicaid managed care programs

Prior authorizations (PAs) granted by Medicaid fee-for-service for durable medical equipment (DME) are not applicable once a Medicaid recipient enrolls in a Medicaid managed care program. Likewise, PAs granted by a Medicaid managed care program (such as an HMO, care management organization [CMO], or special managed care program) for DME are not applicable once a Medicaid enrollee disenrolls and enters Medicaid fee-for-service. The Medicaid reimbursement system, either fee-for-service or a managed care program, in which the recipient is enrolled on the date of service (DOS) is responsible for the payment of medically necessary, Medicaid-covered equipment and services. The DOS for the purchase of DME items is the date of delivery. Providers should verify the recipient's eligibility and managed care status before delivering purchased DME items.

Policy and procedures

Managed care enrollment policy

Enrollment in Wisconsin Medicaid HMOs and in the special managed care program, Independent Care, is generally effective on the first of the month and continues through the end of the calendar month. For all other special managed care programs and for Family Care CMOs, enrollment and disenrollment can occur at any time.

When a fee-for-service recipient enrolls in a managed care program

The following procedures apply when a recipient, who has an approved PA from Medicaid fee-for-service for a DME item, enrolls in a managed care program:

- The Medicaid fee-for-service provider should contact the recipient's managed care program for its policies and procedures before delivering the equipment.
- If the managed care program decides it will not purchase the DME item that was previously approved by Medicaid fee-for-service, the recipient may file a grievance with the managed care program or the state as described in the Enrollee Handbook.

- If the DME provider has already processed an order for an individualized piece of equipment, such as orthotics, and cannot either cancel the order or recoup its loss, the provider may request that the recipient's managed care program pay for the piece of equipment. If the managed care program denies payment, the provider can appeal the decision through the provider appeal process outlined in the managed care program's contract.
- If the managed care program decides it will not purchase the DME item or denies payment for the item, then the Department has the final determination on whether the managed care organization is responsible for providing and paying for the DME item. If the managed care organization is required to pay for the item that was authorized under fee-for-service, the managed care organization will pay an amount no greater than it would have paid its network provider.

When a managed care enrollee returns to fee-for-service

The following procedures apply when an enrollee, who has an approved PA from the managed care program for a DME item, disenrolls and returns to Medicaid fee-for-service:

- Follow Medicaid's fee-for-service policies and procedures, including PA requirements, before delivering the equipment. Refer to the All-Provider Handbook for additional information.
- If the DME item requires a fee-for-service PA and fee-for-service denies the PA request, the recipient can file an appeal. Refer to the All-Provider Handbook for additional information.

Reimbursement policy

- Managed care programs have their own network of Medicaid-certified DME providers. Managed care programs are not required to do business with a DME provider who is not in their provider network.
- If the recipient has changed from managed care to fee-for-service or from fee-for-service to managed care since the DME was authorized, the DME provider should request approval and payment from whatever system (i.e., managed care or fee-for-service) the recipient is enrolled in at the time of the provider's request.
- Recipients have the right to appeal the Medicaid fee-for-service or managed care program's decision to deny the PA of a DME item. Recipients also have the right to appeal the managed care program's decision not to reimburse the provider for the purchase of a DME item that was prior authorized by Medicaid fee-for-service.

Refer to the Attachment of this *Wisconsin Medicaid and BadgerCare Update* for a list of special managed care programs that cover DME.

For a list of HMOs and phone numbers, refer to Attachment 3 of the June 2001 *Update*.

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/.

ATTACHMENT

Special managed care programs that cover durable medical equipment

The following special managed care programs cover durable medical equipment:

- Community Care for the Elderly, Milwaukee County.
- Community Health Partnership, Chippewa, Dunn, and Eau Claire Counties.
- Community Living Alliance, Dane County.
- Elder Care, Dane County.
- Independent Care, Milwaukee County.
- Family Care care management organizations*:
 - √ Creative Care Options of Fond du Lac County.
 - √ La Crosse County Care Management Organization.
 - √ Community Care of Portage County.
 - √ Aging and Disability Services of Richland County.
 - √ Milwaukee County Care Management Organization.

* Providers can refer to the January 2000 *Wisconsin Medicaid and BadgerCare Update* for detailed information on DME coverage.