

Affected Programs: BadgerCare Plus Standard Plan, BadgerCare Plus Benchmark Plan, Medicaid
To: Hospital Providers, HMOs and Other Managed Care Programs

Change in Reimbursement for Inpatient Hospital Services Covered by Medicare Part A

This *ForwardHealth Update* announces a change in reimbursement for inpatient hospital services covered by Medicare Part A and provided to dual eligibles. The change in reimbursement is effective for all claims and claim adjustments processed on and after September 9, 2011 — regardless of date(s) of service.

As a result of the 2011 Wisconsin Act 32, ForwardHealth will limit reimbursement for inpatient hospital services covered by Medicare Part A and provided to dual eligibles. This change is effective for all claims and claim adjustments processed on and after September 9, 2011 — regardless of date(s) of service (DOS). It also applies to any claims or claim adjustments that have been previously submitted to ForwardHealth but have not completed processing by September 9, 2011.

The change in reimbursement for Medicare Part A-covered inpatient hospital services applies to claims for members enrolled in BadgerCare Plus or Wisconsin Medicaid.

Total Reimbursement for Medicare Part A-Covered Inpatient Hospital Services

New state law limits reimbursement for coinsurance, copayment, and deductible of Medicare Part A-covered inpatient hospital services for dual eligibles and Qualified Medicare Beneficiary-Only members. Wisconsin Medicaid's total reimbursement for a Medicare Part A-covered inpatient hospital service (i.e., any amount paid by other health insurance sources, any copayment or deductible amounts

paid by the member, and any amount paid by Wisconsin Medicaid or BadgerCare Plus) may not exceed the Medicare-allowed amount. Therefore, Medicaid reimbursement for coinsurance, copayment, and deductible of a Medicare Part A-covered inpatient hospital service is the lesser of the following:

- The difference between the *Medicaid*-allowed amount and the *Medicare*-paid amount.
- The sum of Medicare coinsurance, copayment, and deductible.

Note: If the difference between the Medicaid-allowed amount and the Medicare-paid amount is zero or a negative number, Medicaid's reimbursement will be zero.

The Attachment of this *ForwardHealth Update* provides three examples of how the limitation is applied.

Existing Medicaid Reimbursement Policies Apply

All claims and claim adjustments processed on and after September 9, 2011, for inpatient hospital services covered by Medicare Part A will continue to be subject to *Medicaid* reimbursement policies, such as deductions for commercial health insurance payments, Medicaid spenddown amounts, and Medicaid copayments. For complete information on the requirements for Medicare crossover claims, providers should refer to the Hospital, Inpatient area of the Online Handbook on the ForwardHealth Portal at www.forwardhealth.wi.gov/. Once in the Hospital, Inpatient area

of the Online Handbook, select “Medicare” from the Coordination of Benefits chapter.

Collecting Payment from Members

As a reminder, federal regulations prohibit providers from holding a member responsible for any commercial health insurance or Medicare cost-sharing amount such as coinsurance, copayment, or deductible. Therefore, a provider may not collect payment from a member, or authorized person acting on behalf of the member, for copayments required by other health insurance sources. Instead, the provider should collect from the member *only* the Medicaid or BadgerCare Plus copayment amount indicated on the member’s remittance information.

Information Regarding Managed Care Organizations

This *Update* contains fee-for-service policy and applies to services members receive on a fee-for-service basis only. For managed care policy, contact the appropriate managed care organization. Managed care organizations are required to provide at least the same benefits as those provided under fee-for-service arrangements.

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

Wisconsin Medicaid, BadgerCare Plus, SeniorCare, and Wisconsin Chronic Disease Program are administered by the Division of Health Care Access and Accountability, Wisconsin Department of Health Services (DHS). The Wisconsin Well Woman Program is administered by the Division of Public Health, Wisconsin DHS.

For questions, call Provider Services at (800) 947-9627 or visit our Web site at www.forwardhealth.wi.gov/.

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ATTACHMENT

Reimbursement Examples for Medicare Part A-Covered Inpatient Hospital Services

Reimbursement for Medicare Part A-Covered Inpatient Hospital Services Provided to Dual Eligibles			
Explanation	Example		
	1	2	3
Provider's billed amount	\$1,200	\$1,200	\$1,200
Medicare-allowed amount	\$1,000	\$1,000	\$1,000
Medicaid-allowed amount (diagnosis-related group or per diem)	\$1,200	\$750	\$750
Medicare-paid amount	\$1,000	\$800	\$500
Difference between Medicaid-allowed amount and Medicare-paid amount	\$200	(\$-50)	\$250
Medicare coinsurance, copayment, and deductible	\$0	\$200	\$500
Medicaid payment	\$0	\$0	\$250