

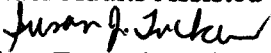


Maryland Department of Health and Mental Hygiene  
201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – John M. Colmers, Secretary

**MARYLAND MEDICAL ASSISTANCE PROGRAM****Waiver for Older Adults Transmittal No. 21****May 4, 2007**

**TO:** Waiver for Older Adults Assisted Living Providers

**FROM:**   
Susan J. Tucker, Executive Director  
Office of Health Services

**NOTE:** Please ensure that appropriate staff members in your organization are informed of the contents of this transmittal.

**RE:** New billing procedure for reimbursement of Medicaid Waiver for Older Adults assisted living services

On September 1, 2006, a new policy was implemented for payment of assisted living services for Medicaid Waiver for Older Adults participants receiving assisted living services and medical day care services on the same day. The policy requires assisted living facility (ALF) providers to reduce their claims to Medicaid by 25 percent on days that waiver participants receive both medical day care services and assisted living services.

Medicaid Waiver for Older Adults Transmittal No. 17, dated August 28, 2006, described this new reimbursement policy to ALF providers. Providers were notified of daily payment amounts for Level 2 and Level 3 assisted living services and reduced daily amounts for days that a participant receives medical day care services.

**New Billing Procedure**

Beginning July 1, 2007, the Medicaid payment system will calculate payments to providers automatically by taking into account the participant's contribution to care and whether the participant is receiving both medical day care and assisted living services on the same day. This means that the new payment calculation will apply to June 2007 claims. Additionally, new procedure codes will be required on claims submitted by all WOA assisted living providers.

**New Procedure Codes**

When this change takes place July 1, 2007, the procedure codes listed below must be used for assisted living services provided on or after June 1, 2007. For dates of service beginning in June and going forward, you may no longer use the two current billing procedure codes (W0216 and W0217). The Medicaid payment system will reject claims

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for assisted living services provided on June 1, 2007 or thereafter, if procedure codes W0216 or W0217 are used. However, if you have assisted living claims to submit with dates of service prior to June 1, 2007, you must continue to use W0216 and W0217.

Effective June 1, 2007 the following new procedure codes are required:

| <u>Service</u>                                  | <u>Procedure Code</u> | <u>Daily Rate</u> |
|---|-----------------------|-------------------|
| Assisted Living Level 2 - no medical day care   | W0226                 | \$55.74           |
| Assisted Living Level 2 - with medical day care | W0228                 | \$41.81           |
| Assisted Living Level 3 - no medical day care   | W0227                 | \$70.31           |
| Assisted Living Level 3- with medical day care  | W0229                 | \$52.73           |

Please note daily billing with these procedure codes applies to all assisted living providers serving waiver participants, even if none of the participants in an ALF receive medical day care services.

#### Contribution to Care

The income of participants served in the Waiver for Older Adults is assessed by the Department of Health and Mental Hygiene when a participant applies to enroll in the waiver and at least annually thereafter. Waiver rules require that a participant with income over a certain level must make monthly payments toward the cost of their assisted living services. The monthly amount that must be paid to the ALF provider by the participant is called the "contribution to care" (CTC).

The Department sends the participant a letter at the time of enrollment that lists the CTC amount that the participant is responsible for paying to the assisted living provider. The participant will receive letters with updated CTC amounts if the participant's income increases. It is the responsibility of the participant or their representative to inform the assisted living provider of the CTC and any changes to the CTC over time. If the participant or representative does not have documentation of the participant's monthly CTC responsibility, the assisted living provider should ask the participant's case manager for this information. The monthly CTC amount paid to the provider by the participant is in addition to the amount (up to \$420 a month) a participant must pay for room and board at the ALF.

The amount Medicaid pays the ALF provider is reduced by the amount of the participant's monthly CTC. There are, however, some participants whose income is very low and these participants cannot be required by Medicaid to make any CTC payments to the ALF provider. In this case, the Medicaid program pays the full daily rate to the ALF provider. Therefore, whether or not the participant is responsible for a CTC payment, providers will receive the same amount of money as under the previous billing procedure.

For services provided on or after June 1, 2007 the Medicaid payment system will automatically deduct the participant's monthly CTC amount from your payments.

This means that no Medicaid payment will be made for a day of service until the CTC is exhausted. An example of a provider's daily payments for services provided to a participant who has the responsibility to pay a CTC is attached. Please note that assisted living providers in the WOA will receive the same amount of money as under the present claims processing procedures. It is only the way in which the amount you are paid is calculated for each day of care that is changing.

#### **Partial Month Payments**

If a participant leaves the ALF or moves to another ALF before the CTC has been reduced to \$0 in Medicaid's payment system, the provider will not receive payment from Medicaid. The reimbursement due the provider will come from the participant's CTC only. Should the participant leave the facility before the monthly CTC balance is \$0, the provider is required to refund the participant the remaining balance.

#### **Preparing the Monthly Claim**

Although providers must still keep track of the days the participant was at the ALF or in MDC, providers will no longer be required to calculate a monthly payment amount using the daily rates and multiplying them by the number of days the participant was in either location. Therefore, the assisted living billing worksheet will no longer be necessary, as providers will be billing each day on a separate line on the CMS 1500 claim form using the new procedure codes and established daily rates.

The daily billing process will enable the Department to compare ALF claims with medical day care claims to ensure that appropriate reductions have been made in the rates billed to Medicaid on days participants receive both services. On a day that a participant receives assisted living and medical day care services, the ALF will bill with procedure code W0228 or W0229, thus indicating that the participant was in MDC on that particular day.

Providers will still be required to submit their claims after the end of the month of service. Therefore, claims for June 2007 can be sent after June 30, 2007. Please do not send claims in advance as they will be returned.

#### **Important Notes to Providers:**

- Providers must bill for each day of service, entering one day of service per line on the CMS 1500 form to receive reimbursement.
- Providers must also account for non-reimbursable days (hospital stays or nursing home stays under 30 days) on the CMS 1500 form on the line of the applicable date of service. For each day that the participant is absent for these types of reasons write "participant in hospital" (or nursing home) and enter a zero for payment.
- Providers must submit claim forms with an original signature in box 31 of the CMS 1500 claim form to receive reimbursement. No copied or missing signatures will be accepted.
- The daily billing process may require providers to fill out five or six claim forms for each participant. Please staple all the claim forms for one participant together.

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***IMPORTANT NOTE TO ELECTRONIC BILLERS:***

These new rates and codes must be entered into HIPAA billing software before processing daily assisted living claims effective July 1, 2007 for June services. This can be done by someone with administrative access by clicking "File Maintenance," then "C.P.T. 4 Codes," click the + sign, then enter the codes, service, and rates from the information above. Then, enter a check mark in the box next to them to make the codes active. Additionally, participants' plans of care will need to be updated in the billing system to enter the claims using the new procedure codes.

Questions regarding this transmittal may be directed to the Maryland Department of Aging Waiver Billing Unit at 410-767-1100.

Attachment (1)

cc: Area Agencies on Aging  
Maryland Department of Aging

## Attachment # 1 Example

John Doe is a participant in the WOA and he receives Level 3 ALF services. His CTC is \$360.00 per month. Also, his plan of care authorizes him to attend medical day care Monday through Friday or 5 days/week. The ALF submits his June 2007 claim on the CMS 1500 claim form billing with the daily rates and the new procedure codes taking into account the days Mr. Doe was either at the ALF or receiving medical day care services.

To summarize the following example, the assisted living provider sent in Mr. Doe's June claim, billing each day with the new procedure code and daily rate for the participant. Notice that the participant attended medical day care Monday through Friday so the provider billed with code W0227 on the weekends only. So, the total amount claimed for this participant for the month equals \$1,740.12 (9 days x \$70.31 + 21 days x \$52.73). The participant had a CTC of \$360 so each day that a claim was entered reduced the balance of the CTC by the daily rate claimed until the CTC balance was \$0. After the CTC obligation was met, the provider received payment from Medicaid for the balance of the claim, or \$1,380.12.

| <u>Date of Srvs.</u> | <u>Proc. Code</u> | <u>Claimed<br/>Daily Rate</u> | <u>Part. CTC<br/>Amount</u> | <u>CTC<br/>Balance Amount</u> | <u>Reimb.</u>     |
|----------------------|-------------------|-------------------------------|-----------------------------|-------------------------------|-------------------|
|                      |                   |                               | <b>\$360.00</b>             |                               |                   |
| 6/1/07               | W0229             | \$52.73                       | \$52.73                     | \$307.27                      | \$0               |
| 6/2/07               | W0227             | \$70.31                       | \$70.31                     | \$236.96                      | \$0               |
| 6/3/07               | W0227             | \$70.31                       | \$70.31                     | \$166.65                      | \$0               |
| 6/4/07               | W0229             | \$52.73                       | \$52.73                     | \$113.92                      | \$0               |
| 6/5/07               | W0229             | \$52.73                       | \$52.73                     | \$61.19                       | \$0               |
| 6/6/07               | W0229             | \$52.73                       | \$52.73                     | \$8.46                        | \$0               |
| 6/7/07               | W0229             | \$52.73                       | \$8.46                      | \$0                           | \$44.27           |
| 6/8/07               | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/9/07               | W0227             | \$70.31                       | \$0                         | \$0                           | \$70.31           |
| 6/10/07              | W0227             | \$70.31                       | \$0                         | \$0                           | \$70.31           |
| 6/11/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/12/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/13/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/14/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/15/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/16/07              | W0227             | \$70.31                       | \$0                         | \$0                           | \$70.31           |
| 6/17/07              | W0227             | \$70.31                       | \$0                         | \$0                           | \$70.31           |
| 6/18/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/19/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/20/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/21/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/22/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/23/07              | W0227             | \$70.31                       | \$0                         | \$0                           | \$70.31           |
| 6/24/07              | W0227             | \$70.31                       | \$0                         | \$0                           | \$70.31           |
| 6/25/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/26/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/27/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/28/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/29/07              | W0229             | \$52.73                       | \$0                         | \$0                           | \$52.73           |
| 6/30/07              | W0227             | <u>\$70.31</u>                | \$0                         | \$0                           | <u>\$70.31</u>    |
| <b>Totals</b>        |                   | <b>\$1,740.12</b>             | <b>\$360</b>                | <b>\$360</b>                  | <b>\$1,380.12</b> |