NASTAD™
NATIONAL ALLIANCE OF STATE & TERRITORIAL AIDS DIRECTORS

ISSUE BRIEF: BILLING AND REIMBURSEMENT

HEALTH DEPARTMENTS AND CAPACITY FOR THIRD-PARTY BILLING AND REIMBURSEMENT: A STATUS REPORT AND RESOURCES FOR CAPACITY BUILDING

This brief describes:

- Current health department practices and challenges associated with third-party billing and reimbursement.
- Legal and regulatory challenges to health department participation in third-party billing and reimbursement.
- Resources to assist health departments in building capacity for third-party billing and reimbursement.
- Recommended steps that health departments can take in order to build capacity for third-party

INTRODUCTION

Health department capacity to participate in third-party reimbursement for HIV/AIDS and viral hepatitis services is essential as we move toward a post health reform environment. Federal and state funding for HIV/AIDS and viral hepatitis prevention has become increasingly constrained. Additionally, implementation of the Affordable Care Act (ACA) is moving ahead full steam, bringing changes both in client eligibility for public and private insurance and in the array of services covered by insurance. Leveraging revenue available through third-party reimbursement can help health departments continue to provide essential services and carry out core public health functions.

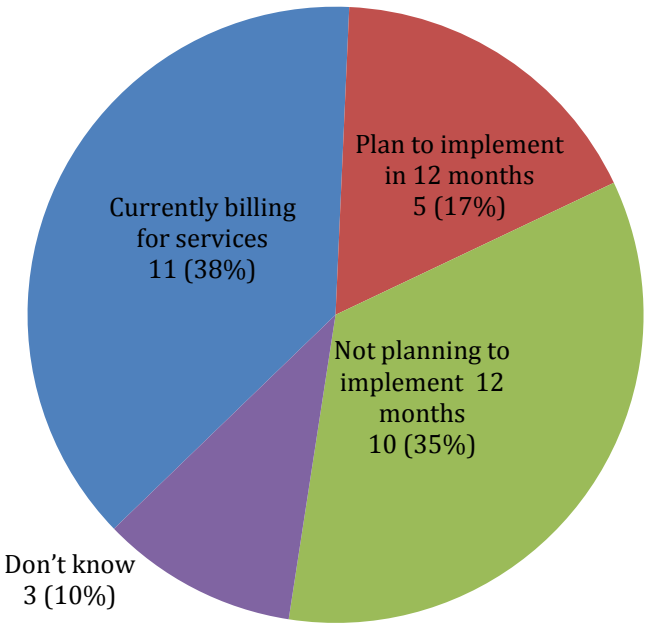
The issues associated with third-party billing and reimbursements are complex and variable by jurisdiction. NASTAD recently concluded assessment activities designed to gain a more robust understanding of health department capacity to implement billing and reimbursement for HIV/AIDS and viral hepatitis services, as well as the issues and challenges associated with billing and reimbursement for these services. Findings from these activities are summarized below.

SURVEY OF BILLING AND REIMBURSEMENT CAPACITY

In October of 2012, health departments were invited to participate in an on-line survey on billing and reimbursement. The survey addressed current practices, implementation plans, and challenges. Forty-six health departments (75 percent of health departments surveyed) completed the assessment.

The survey revealed that very few health departments are currently billing third-party payers for HIV/AIDS or viral hepatitis services. Of 46 health departments, 29 (63 percent) provide direct services. Of these 29, only 11 (38 percent) currently bill third-party payers for HIV/AIDS and/or viral hepatitis services (Figure 1).

Figure 1: Current Health Department Billing Practices (N=29)

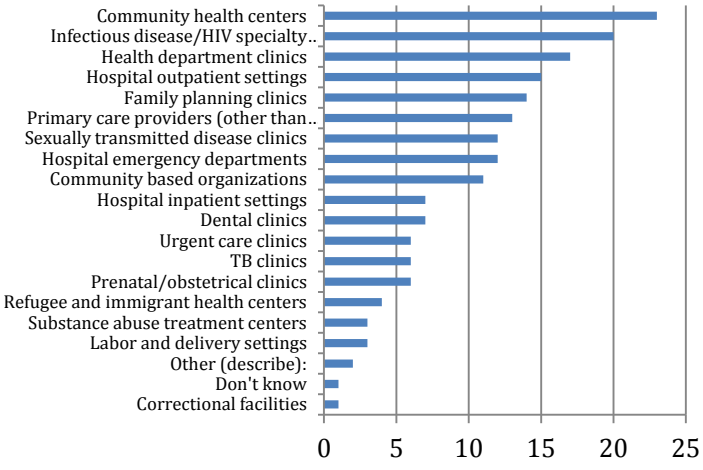


Among health departments currently billing third party payers, 10 receive reimbursement from Medicaid, five from Medicare and three from private insurers.

Revenue received from third-party reimbursements does not always go to the HIV/AIDS or viral hepatitis program. Among the 11 health departments currently billing for services, four reported that the HIV/AIDS or viral hepatitis program receives revenue from third-party payers, two reported revenue is deposited in the health department general fund. Three health departments indicated that revenue goes elsewhere, including the "state lab," and "local health department." The remaining two health departments did not know disposition of revenue generated by reimbursement.

Many health department supported HIV/AIDS and viral hepatitis providers currently bill third-party payers for services. Of 46 health departments, 32 (69 percent) report that at least some health department supported providers of HIV/AIDS or viral hepatitis services are currently seeking reimbursement from third party payers.

Figure 2: Venues Currently Billing Third-Party Payers (N=32)



Venues in which health departments support HIV and VH services either by funding or indirect support (e.g. the provision of test kits)(Figure 2).

Few health departments require HIV/AIDS and viral hepatitis service providers to bill third-party payers for reimbursement. Only 11 (34 percent) of the 32 health departments that partner with local providers are able to bill for services indicate that they require providers to bill for services.

Local service providers are more likely to bill for clinical and laboratory services than other services, particularly prevention services (Table 1).

Table 1: Services Billed by Local HIV/AIDS and Viral Hepatitis Providers (N=32)	Number (%)
HIV clinical services (e.g., laboratory services and treatment)	25 (78%)
HIV testing	23 (72%)
STD testing	21 (66%)
STD treatment	19 (59%)
HCV testing	17 (53%)
Family planning services	13 (41%)
HBV vaccination	11 (34%)
Medical case management	11 (34%)
Risk reduction counseling	4 (13%)
Other (describe):	4 (13%)
Adherence counseling	3 (9%)
Patient navigation	2 (6%)
Prevention case management	2 (6%)
Partner services	1 (3%)
Don't know	1 (3%)

Health departments identified a number of challenges to implementing third-party billing and reimbursement, including organizational and technical capacity for implementation, insurance status of clients, and eligibility of certain services to be reimbursed. The top five challenges relate to health department knowledge of and capacity to implement third-party billing and reimbursement, followed by insurance coverage (Table 2).

Table 2: Top Challenges for Third Party Billing and Reimbursement (N=46)	Rank
Program staff lack knowledge about billing and reimbursement	1
Health department lacks IT infrastructure needed for reimbursement	2
Program lacks capacity to support providers in implementation	3
A majority of clients do not have insurance	4
Non-clinical services not reimbursable	5

In depth discussion of current health department billing and reimbursement practices, capacity of public health laboratories for billing and reimbursement, and challenges associated with billing and reimbursement are contained in a full report of the survey. NASTAD will use the findings from this survey as a baseline for its ongoing efforts to monitor health department capacity to

implement third-party billing and reimbursement and to inform technical assistance activities.

ASSESSMENT OF LEGAL AND POLICY ISSUES

As part of its effort to assist NASTAD members to assess current third-party billing capacity and to investigate the feasibility of expanding this capacity, NASTAD collaborated with Georgetown University Law Center's Harrison Institute for Public Law to examine state laws and regulations related to state health department billing. The project team researched laws and regulations related to state health departments' (or contracted providers) authority to bill public and private insurance for HIV/AIDS and viral hepatitis services; duty to keep HIV/AIDS and viral hepatitis testing and treatment confidential; and ability to be reimbursed for HIV/AIDS and viral hepatitis services. Given the variety and range of state laws, the project focused on the laws and regulations of five states: Massachusetts, Minnesota, New York, Texas, and Washington as well as select local and city ordinances where relevant. The final report identifies common themes in the legal and regulatory framework of health department billing as well as discussion of potential barriers and issues that health departments should consider as they increase their billing and revenue generation capacity.

FINANCING AND REIMBURSEMENT OF HIV TESTING IN EMERGENCY DEPARMENTS

On November 26, 2012 the National Emergency Department (ED) HIV Testing Consortium in collaboration with The Forum for Collaborative HIV Research hosted a round table conference, *HIV Testing in the ED: Financing and Reimbursement*. The conference served as a forum in which participants discussed financing of HIV testing in hospital EDs, including:

1. Current and emerging financing and reimbursement practices.
2. Issues impacting financing and sustainability of HIV testing in EDs.
3. Gaps in knowledge related to financing and reimbursement practices and policy.

Participants included representatives from federal agencies including the CDC and Centers for Medicare and Medcaid Services (CMS); commercial insurers; national organizations, including NASTAD; hospital and emergency department administrators; clinicians; and state and local health departments.

Presentations addressed a range of topics including:

1. Evolution of HIV testing practices and the future of ED-based HIV testing.
2. The impact of health reform on third-party reimbursement for HIV testing in EDs.
3. Policies, practices and experience with billing and reimbursement in both the public and private sectors.
4. Financial factors that inform decisions about implementing ED-based testing.
5. Models of payment.
6. The effect of charging patients on acceptance of HIV testing.

Of particular relevance to health departments is the data CDC presented on its Expanded HIV Testing Initiative related to ED-based testing. During the first two years of this effort (September 2007 to September 2009), 2.8 million individuals were tested for HIV and 18,432 (0.7 percent) were newly diagnosed with HIV. CDC also presented data that underscored the productivity of testing conducted in EDs and the relative importance of testing in these venues for identifying new infection. Of the 2.8 million tests conducted between 2007 and 2009, 34 percent were performed in EDs, and 39 percent of new positives identified in this time period were identified in EDs.

While financing via third party payer reimbursement may become increasingly important to sustaining HIV testing in clinical settings, there are a number of challenges associated with this approach, which are particularly relevant for ED settings:

- **Implementation Challenges:** Health departments continue to struggle with operational challenges of getting HIV testing (especially population-based screening) implemented in EDs. Challenges range from provider or administrator resistance, to integration of testing into the service flow.
- **Managing Co-Pays:** Managing patient co-pays is a challenge insofar as patients may be less willing to consent to an HIV test if it will generate a bill that they must pay. Co-pays vary across plans, making it difficult to provide patients with accurate information about potential bills.
- **Understanding Costs:** The costs associated with HIV testing in ED settings

are not well understood. This is problematic from the perspective of evaluating adequacy of reimbursement, which often determines whether a hospital will implement a new service. This is complicated by the variety of models (e.g., dedicated staff versus indigenous staff; prevention counseling provided versus information only; and referral strategies) that are employed in provision of HIV testing in EDs.

- **Resistance to New Services:** Managed care organizations (MCOs) are resistant to adding new services not already included in capitated plans. In capitated plans, providers receive a set amount of each enrolled patient, per time period, regardless of whether the enrolled patient seeks care. With respect to ED-based HIV screening, some health departments report that MCOs are unwilling to consider adding HIV screening to plans because HIV screening is considered a preventive service which should be addressed (at a lower cost) in a primary care setting.
- **Reimbursement Challenges:** Health departments also reported that insurers are reluctant to reimburse HIV screening in EDs because the rate of reimbursement for services delivered in an ED is typically greater than those same services if delivered in a primary care setting.

  Many EDs receive bundled or global payment for services, and separate payments are made for facility, provider and laboratory services. The costs associated with conducting HIV testing are often not included in the negotiated bundled payment. Laboratory costs for HIV testing may be reimbursed, but provider and facility costs often are not.

  Further complicating reimbursement in this scenario is reimbursement of services and amount of payment is generally determined by the level of service provided by the ED. EDs which had attempted billing reported reimbursement was rejected because the level of service (indicated by the diagnosis code assigned on the bill) did not justify payment. HIV testing may not be considered justified by an insurer for a patient seeking services for a sprain or fracture compared to a patient who has pneumonia.
- **Managing Grant Funding:** Health departments and EDs also reported that billing for HIV testing services in the context of grant funding is challenging. Some health departments provide EDs with grant funds to support a portion of testing services, such as paying for testing of uninsured patients or they provide indirect support such as rapid test kits. In this scenario, it is extremely challenging to ensure and document that grant funds are used as payer of last resort or that services or supplies provided as indirect support are not billed.

Health department participants concurred with the value of HIV testing in EDs and expressed concern regarding the sustainability of these services in absence of dedicated grant funding. Health departments noted that, in general, third-party billing has not been successfully implemented in the EDs with which they partner. In the very few instances where billing for HIV testing had been attempted, it had not been successful in obtaining reimbursement for services. The issues associated with implementation of third-party billing and reimbursement for HIV testing are complex, but may be more so for testing conducted in EDs. However, because of the value of ED-based testing for identifying new positives, health departments should consider addressing these challenges in order to ensure the sustainability of HIV testing services.

RESOURCES

NASTAD has assembled a resource bank to share best practices from jurisdictions that have successfully increased their billing capacity and to provide relevant information and tools to help health departments navigate their way forward in a post health reform environment. The following include HIV/AIDS and viral hepatitis-specific resources as well as resources from other departments and programs that may be relevant for HIV/AIDS and viral hepatitis billing and revenue generation practices.

Billing Resources and Guides

The following resources provide relevant background information on the "nuts and bolts" of third party billing and reimbursement for public health services. They include billing guides and manuals across a range of state and local health department programs as well as examples and best practices from the field:

- CDC's Billables Project for Health Department Immunization Services Reimbursement
  This CDC clearing house has resources focused on billing for immunization services, including billing guides from state and local health departments and a series of webinars produced by public and private insurers, and state and local immunization programs.

- The National Coalition of STD Directors (NCSD), Shifting to Third Party Billing Practices for Public Health STD Services: Policy Context and Case Studies
  This document includes case studies of four STD programs or clinics that currently bill third party payers for STD services, or are developing a plan to implement billing. Issues that are relevant to STD or HIV programs, such as confidentiality concerns related to EOB (explanation of benefits) statements, are addressed.

- NIATx Third Party Billing Guide
  This guide was developed to assist addiction treatment agencies move towards third party billing.

- National Family Planning and Reproductive Health Association, Billing and Coding Resources
  This resource page provides an overview of billing and coding issues that safety net providers of family planning and reproductive health services should consider as they increase their billing and revenue generation capacity.

- NCSD, The Association of Public Health Laboratories (APHL), and Michigan Department of Community Health, Moving Toward Third-Party Billing and Revenue Generation in Public Health: An Emerging Model from Michigan
  This webinar focuses on revenue generation examples and best practices from Michigan's public health laboratory.

- Florida Department of Health Bureau of HIV/AIDS, A Provider's Guide to Sustainability and Reimbursement of HIV Testing in Florida Health Care Facilities
  This manual provides a detailed description of coding and billing best practices for HIV testing in Florida.

Health Reform Resources Relevant to Billing and Revenue Generation

The following resources provide information on upcoming changes to the nation's health care system as a result of the ACA and the impact that these changes will have on billing and revenue generation opportunities for HIV/AIDS and viral hepatitis services.

- NASTAD Health Reform Resources
  This page contains all of NASTAD's issue briefs, fact sheets, and analyses with regard to health reform provisions and their impact on HIV/AIDS and viral hepatitis programs. Analyses of populations who will be transitioning to public and private insurance coverage in 2014 as well as the HIV/AIDS and viral hepatitis services that will be covered in those new insurance options will be of particular relevance to billing and revenue generation activities.

- AIDS Project Los Angeles, Strategic Restructuring in the Affordable Care Act Era: The New Role of the HIV CBO
  This webinar discusses the changes to mission, structure, and revenue streams that community based organizations (CBOs) will have to consider and navigate in preparation for full implementation of the ACA.

These resources will be posted in NASTAD's Billing and Reimbursement Resource Bank, which will be periodically updated as new information and materials become available.

NEXT STEPS

NASTAD will continue its efforts to assess health department efforts to implement third-party billing and reimbursement, monitor associated challenges, and to develop strategies to support members to develop their capacity to participate in third-party billing and reimbursement. Future plans include identifying health department best practices and model systems in a series of case studies. NASTAD will continue to participate in coordinated cross-program advocacy with national partners to communicate the needs and concerns of health departments in this arena. NASTAD will also continue to communicate with members about third-party billing and reimbursement, including emerging issues.

For additional information about this report or about NASTAD's activities around billing and reimbursement, please contact Amy Killelea, Senior Manager, Health Care Access or Liisa Randall, NASTAD Consultant.

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ACTION STEPS FOR HEALTH DEPARTMENTS

In building health department and local provider capacity to participate in third-party billing and reimbursement, health departments should consider the following action steps:

ASSESS CAPACITY	CONSULT EXISTING BILLING MODELS	WORK WITH PUBLIC HEALTH LABORATORIES	REQUIRE LOCAL PROVIDERS TO SEEK REIMBURSEMENT	CONSULT WITH YOUR STATE MEDICAID PROGRAM
Assess current health department and/or local service provider capacity to participate in third-party billing and reimbursement. In assessing local capacity for billing and reimbursement, you will want to describe and document: 1. Current billing and reimbursement practices. 2. Workforce and other resources needed and/or available to implement billing and reimbursement. 3. Technological capacity for billing. 4. Challenges associated with implementation of billing and with obtaining reimbursement. NASTAD developed a sample tool to assist health departments in assessing capacity for billing and reimbursement.	**Consult with other health department programs that have already implemented billing and reimbursement such as family planning, immunization, STD, and TB programs**. This can help you to better understand billing and reimbursement, including technological and resource needs, as well as challenges to implementation. It may also help you to understand how these programs work with local providers including contractual obligations to bill for services, strategies for monitoring billing and reimbursement, and mechanisms to coordinate revenue streams.	**Work with your public health laboratory (PHL) to implement billing for HIV/AIDS and viral hepatitis services**. Many health department HIV/AIDS and viral hepatitis programs provide funding to their public health laboratory for diagnostic and medical monitoring testing. Approximately one-half of state PHLs have the capacity to, and currently are billing third-party payers. However, only half of these PHLs (one-quarter of all state health departments) currently bill for HIV/AIDS or viral hepatitis services. Maximizing resources generated from reimbursement by third-party payers may allow you to redirect program resources to meet other priorities.	**Include language in contracts or memoranda of agreement with local providers of HIV/AIDS and viral hepatitis services to require them seek reimbursement from third-party payers, when appropriate and feasible**. Similarly, you should adjust progress and financial reporting requirements to allow you to monitor whether billing is occurring and the extent to which providers are successful in obtaining reimbursement. It may be most productive to focus first on providers that are currently billing for other services (e.g., community health centers) and for services, which are already reimbursable (e.g., HIV testing).	**Consult with the state Medicaid program regarding coverage of preventive and care services.** The ACA includes a number of new public and private insurance coverage requirements for a range of preventive and care services. For instance, under the ACA, preventive services receiving "A" or "B" grades from the US Preventive Services Task Force (USPSTF) must be covered, at no cost to patients, by Medicare, Medicaid (for the expansion population), and new private insurance policies. For traditional Medicaid beneficiaries, states are encouraged (through a higher federal match rate), but not required, to cover USPSTF A and B rated preventive services. This is particularly significant because the US Preventive Services Task Force (USPSTF) is likely to give an "A" grade for routine HIV screening. State Medicaid programs also have the discretion to make reimbursable preventive services which are not A or B rated, such as hepatitis C screening, and other services such as medical case management provided by peers. Consultation with state Medicaid programs as these coverage requirements are implemented will be important to ensure that providers and consumers understand what services are covered and reimbursable. Health departments should also consider dialogue with exchange boards, and state insurance commissions.