



**MEDICAL CARE POLICY ADMINISTRATION  
DEPARTMENT OF HEALTH AND MENTAL HYGIENE**

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**MARYLAND MEDICAL ASSISTANCE PROGRAM  
HealthChoice Transmittal No. 3  
December 3, 1998**

Managed Care Organizations

**FROM:** Joseph M. Millstone, Director *JMM*  
Medical Care Policy Administration

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

Reimbursement for Professional Services Provided to Medical Assistance Recipients Who Are Admitted to a Hospital Prior to Enrollment in an MCO

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This transmittal addresses increasing numbers of hospital complaints in connection with reimbursement payments for professional services provided to Medical Assistance recipients who are admitted to a hospital prior to becoming enrolled in an MCO.

Under the HealthChoice regulations, an MCO is not responsible for payment of any remaining days of a hospital admission that began prior to a recipient's enrollment in that MCO (COMAR 10.09.67.27.B(37)). Thus, the Department pays for these days even though the MCO is being capitated for hospital services for the recipient, so long as the days are medically necessary and appropriate. The reverse side of this situation is that HealthChoice regulations require an MCO to pay for the remaining days of a hospital stay that began when the recipient was an enrollee of that MCO (COMAR 10.09.67.07F). This is the case regardless of whether the recipient goes into another MCO, is placed in REM or becomes ineligible for Medicaid during the hospital stay.



The complaints involve professional fees incurred for recipients who are admitted to a hospital prior to becoming enrolled in an MCO. These bills are the responsibility of the MCO and the MCO capitation payment does include the funding for these professional services. The reverse of this is that the HealthChoice regulations do not require the MCO to pay for professional fees for recipients who lose coverage in the MCO during a hospital stay.

The Department understands the concern of the MCO community. However, the programming changes which would be required in order to allow Medical Assistance to pay such bills are tremendous and cannot be implemented at this time. Also, such changes are not supported by the current regulations and capitation payment rates. Therefore, beginning on the recipient's date of enrollment in the MCO, the Department expects MCOs to reimburse providers for all medically necessary covered services provided to recipients except for inpatient hospital care. If you have questions regarding this policy, please contact Mr. Herbert Spencer at (410) 767-1482. Thank you for your prompt attention to this matter.