

South Carolina
DEPARTMENT OF HEALTH AND HUMAN SERVICES
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September 10, 2008

MEDICAID BULLETIN

To: Medicaid Providers

Subject: Budget Reductions

On August 12, 2008, the South Carolina Department of Health and Human Services (SCDHHS) received notification from the South Carolina Budget and Control Board that the agency's base budget of recurring General Funds must be reduced by 3%, which equates to more than \$28.5 million in state funds and \$90 million in total dollars. In order to safeguard the financial viability of the Medicaid program and meet statutory requirements for the operation of Medicaid programs, SCDHHS must take prompt action to contain Medicaid costs. The agency has made an effort to be as equitable as possible within the flexibility it has in distributing the reductions. The intent is to try to limit the impact on any one group of providers or beneficiaries as much as possible.

Below is a list of reductions and policy changes that will take effect on **October 1, 2008**. Additional details on individual items listed below will soon be available at <http://www.scdhhs.gov>

/s/

Emma Forkner
Director

EF:sg

Note: To receive Medicaid bulletins by email, please register at <http://bulletin.scdhhs.gov/>. To sign up for Electronic Funds Transfer of your Medicaid payment, please go to <http://www.dhhs.state.sc.us/dhhsnew/hipaa/index.asp>.

Fraud & Abuse Hotline 1-888-364-3224

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The South Carolina Department of Health and Human Services (SCDHHS) will make the following changes effective October 1, 2008:

1. Physician Fee Schedule Update

SCDHHS will update the Medicaid fee schedule for physician's services. Reimbursement for Evaluation and Management (E&M) codes and, except Pediatric Sub-Specialists, most other procedure codes will be at 84% of the 2008 Medicare Fee Schedule. Nurse Practitioners will continue to receive reimbursement at 80% of the physician's rate for E&M and all professional codes.

2. Physician Administered Injectable Drugs Fee Schedule Update

SCDHHS will update the fee schedule for physician administered injectable drug codes. These rates will be based on Average Wholesale Price (AWP) as published by ReadyPrice, July 2008, minus 18% (AWP-18%).

3. Pediatric Sub-Specialist Fee Schedule Update

SCDHHS will update the Medicaid fee schedule for Pediatric Sub-Specialists. Reimbursement for Evaluation and Management (E&M) Current Procedural Terminology (CPT) codes, 99201 through 99215 will reimburse at 118% and 99291 through 99300 will reimburse at 120% of the 2008 Medicare fee schedule. Most other CPT codes, including the remaining E&M codes, will reimburse at 98% of the 2008 Medicare fee schedule.

4. Private and School-Based Therapy Services Fee Schedule Update

SCDHHS will update the fee schedule for the following private rehabilitative and school-based services: physical therapy, speech therapy, and occupational therapy. These services will be reimbursed at 95% of the 2008 Medicare fee schedule.

5. Dental Services Fee Schedule Update

SCDHHS will update the fee schedule for Dental Services. Codes billable by General Dentists will be re-based to 64% of Ingenix Relative Value Study and Oral Maxillofacial Surgeons will be reimbursed at 84% of the 2008 Medicare fee schedule.

6. DME Services Fee Schedule Update

SCDHHS will update the fee schedule for DME services. Medicaid reimbursement for covered DME codes will be based on Medicare's July 2008 rates. For Medicaid covered Supply Codes, reimbursement will be at 97%. For DME Equipment Codes, reimbursement will be at 87%. Manually priced codes will be reimbursed at the lesser of: 87% of the manufacturer's suggested retail price (MSRP) or 97% of provider's net cost plus 25%. (MSRP and Net Cost validation required.)

7. Pharmacy Services Modification (31 day supply)

Prescription/refill quantities for all Medicaid eligibles, regardless of age, are limited to a maximum thirty-one (31) day supply. This change applies to both adults (age 21 and above) and to children (birth to age 21).

8. Pharmacy Services Override Modification

Prescription overrides will be limited to a maximum of six (6) prescriptions for adults. Four (4) non-overrideable prescriptions may continue to be filled, but pharmacists will no longer be able to override prescriptions beyond six. All overrideable prescriptions must meet the monthly prescriptions limit override criteria for adult beneficiaries found on page 2-29 of the Pharmacy Services Provider Manual. This will result in a maximum of ten (10) prescriptions per beneficiary per month for adults. Medicaid eligible beneficiaries from birth to the date of their 21st birthday are allowed unlimited prescriptions per month and are not affected by this change.

9. Labor and Delivery Reimbursement Update

SCDHHS will reduce the reimbursement rate for Medicaid sponsored deliveries from \$1,200.00 to \$1,000.00 for the following procedure codes: 59409, 59514, 59612, and 59620.

10. Epidural Code Update

SCDHHS will reduce the reimbursement rate for anesthesia services related to vaginal deliveries. Procedure code 01967 will reimburse \$461.00 and add on procedure code 01968 will reimburse \$195.00.

11. Nursing Home Facility Rate Update

SCDHHS will delay a planned rate increase for Medicaid nursing facilities. Therefore, the weighted average nursing facility reimbursement rates calculated under the Centers for Medicare and Medicaid Services (CMS) approved state plan, effective October 1, 2007, will continue to be reimbursed to contracted nursing facilities.

12. Incontinence Supply Rate Update

SCDHHS will reduce reimbursement rates for incontinence supplies by 3%. The reduction applies to all incontinence supplies billed for Community Long Term Care and SC Department of Disabilities and Special Needs waiver participants.

13. Nursing Home Room and Board Rate for Hospice Recipients Update

SCDHHS will update the nursing home room and board rate for residents receiving hospice services, reducing it from 100% to 98% of the facilities' Medicaid room and board rate. Nursing home room and board rates will be unaffected for residents not receiving hospice services.

14. Community Choices Waiver Slot Update

The statewide daily census for the Community Choices waiver, serving elderly and disabled persons, will be limited to 12,000. The program will begin instituting a one-for-one replacement process when this cap is reached, whereby a waiver participant must leave the program prior to a new participant entering the waiver.

In addition, SCDHHS is implementing several changes designed to encourage prevention, avoid unnecessary emergency room visits, curb long-term costs, and promote efficiencies.

15. Modification to Additional Ambulatory Visit Requests for Beneficiaries with Cancer Diagnosis

SCDHHS will modify the Medicaid policy regarding Ambulatory Care Visits (ACV) for beneficiaries who are currently being treated for cancer and will support additional ambulatory care visits for those recipients. These recipients will be exempt from the ACV limit of twelve (12) visits, even if the services being provided are not related to the actual cancer treatment. In order to bill for these services, providers must attach the "P4" modifier in correlation to the appropriate Evaluation & Management (E/M) code. All claims will be subject to post payment review by Program Integrity.

16. Update on the Administration of Intranasal or Oral Vaccines CPT Codes 90473 and 90474

SCDHHS is revising its reimbursement methodology to accommodate multiple intranasal and/or oral vaccine administrations. For the administration of FluMIST® or Rotavirus Vaccines (intranasal or orally), the following CPT codes must be used:

90473 Immunization administrations by intranasal or oral, one vaccine. This code will only cover the first vaccine administered per visit. The administration fee for this CPT code will be \$13.00.

90474 Each additional vaccine (single or combination vaccine/toxoid). Use 90473 in conjunction with code 90474. This code can only be used twice per visit, regardless of the number of additional vaccines administered. The administration fee for this CPT code will be \$13.00. (90474 can be billed in conjunction with 90471 or 90473).

The maximum number of vaccines SCDHHS will reimburse is three (3) per date of service. The use of modifiers on CPT codes 90471 through 90474 is prohibited and will be subject to post payment review. SCDHHS will not reimburse for the FluMIST® vaccine product or the administration of this vaccine outside of the VAFAC program.

17. CPT Code for After Hour Services

SCDHHS will cover CPT code 99051 (services provided in the office during regularly scheduled evening, weekend, or holiday office hours) as a separate procedure. This procedure code is ONLY authorized for Primary Care providers (i.e. Pediatricians, Family Practice, General Practice, Internal Medicine). Providers will still be able to bill for the Evaluation and Management (E&M) code that best describes the level of service being rendered. The reimbursement for this CPT code will be \$11.25. After hour services that appear to fall outside of the guidelines are subject to post payment review by the Division of Program Integrity to ensure compliance with policy.

18. Pediatric Sub-Specialist Form Revised

SCDHHS has revised its Pediatric Sub-Specialist attestation form. The new form requires providers certifying that they are eligible to participate in the program to complete demographic and patient information. This additional information will verify compliance in the Pediatric Sub-Specialist program. The updated form is located in the Appendices of the Physician, Laboratories and Other Medical Professionals Provider Manual.