



December 6, 2010

James G. Sheehan
Medicaid Inspector General
Office of the Medicaid Inspector General
800 North Pearl Street
Albany, NY 12204

Re: OMH'S Implementation of Clinic Restructuring

Dear Mr. Sheehan:

As you know, effective October 1, 2010, OMH implemented new Part 599 clinic regulations. We are writing to inform you of the billing complexities resulting from these regulatory changes and advise you of the temporary DOH billing waivers affecting Article 31 clinics.

The new Part 599 regulations implement new program standards, accompanied by a major Medicaid reimbursement reconfiguration. The new reimbursement methodology is HIPAA compliant and consistent with the outpatient reimbursement methodology being used by the Health Department for physical health services. Providers are moving from six different rate codes with limited flexibility to an Ambulatory Patient Group ("APG") methodology, which contains several dozen different procedure codes.

The transition to the new clinic regulations will be, by its nature, challenging for the provider community. Adding to this complexity is the fact that the new program and reimbursement standards required the submission of a Medicaid State Plan Amendment ("SPA") to the Centers for Medicare and Medicaid Services ("CMS"). This approval is necessary before the eMedNY system can reimburse using the APG methodology. As you are probably aware, obtaining Federal SPA approval has become increasingly difficult over the past several years. It is anticipated that CMS approval of the SPA will come in February-March 2011 at the earliest, but more likely in the second quarter of 2011. Similar to what happened with freestanding Article 28 DTCs, once approval is received, the APG payment methodology will be retroactive to October 1, 2010.

In anticipation of Federal approval of the SPA, OMH and DOH have developed and disseminated interim payment instructions to the several hundred OMH-licensed clinics. These instructions crosswalk the new Part 599 services to the old Medicaid rate code payment system.

They detail how clinics should submit claims for Medicaid reimbursement in the interim and how claims will be "readjudicated", i.e., reprocessed by eMedNY using APG "logic", when Federal approval is received.

For your information, we have attached the instructions issued by OMH and DOH to assist providers in making this transition effectively and a summary of the major issues for providers raised by these instructions.

Given the complex set of issues raised by the interim billing instructions and the fact that billing vendors will not all be ready, DOH is temporarily waiving its 90 day claims submission requirement for article 31 licensed clinics. Clinics will be given until 3 months from the date of federal Medicaid State Plan approval to adjust all claims and make any corrections as appropriate.

In recognition of the DOH waivers and consistent with the approved DOH/OMIG audit plan for Article 28 APGs, we are asking OMIG for a time-limited moratorium on Article 31 clinic audits and disallowances. This moratorium would coincide with the dates described above and as such audits would not be conducted for dates of service between October 1, 2010 and April 30, 2011 and potentially beyond if CMS approval is significantly delay. Once this time-frame has passed, clinics should have made any necessary corrections to their billings. Audits could then be implemented from that point forward.

We and our respective staffs will be glad meet with you to discuss in detail these and other related issues.

Sincerely,



Michael F. Hogan, Ph.D.
Commissioner
NYS Office of Mental Health



Donna Frescatore
Deputy Commissioner
Office of Health Insurance Programs
NYS Department of Health