

Arizona Health Care Cost Containment System

Manual: Office of Managed Care
Policy and Procedures

Effective Date:10/1/97

Revision Date:6/1/01

Subject: Medicare Cost Sharing for Members in
Medicare FFS

Authorized Signature:

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I. Purpose

Because there is a difference in the rules for Medicare cost sharing depending on whether the recipient is enrolled in a Medicare Risk HMO or uses the FFS Medicare system, the policy is separated into two policies. The purpose of this policy is to define cost sharing responsibilities of AHCCCS Contractors for their members that are enrolled in Medicare FFS.

This reimbursement policy will maximize cost avoidance efforts by Contractors and provide a reimbursement methodology that provides continuity of care for AHCCCS members.

II. Definitions

Contractor -Contractor refers to an AHCCCS acute care health plan, Arizona Long Term Care System (ALTCS) program contractor and the Arizona Department of Health Services (ADHS) for Title XIX behavioral health services.

Cost Sharing -Refers to AHCCCS Contractors' obligation for payment of applicable Medicare FFS coinsurance and deductibles, and copayments.

Dual Eligible -Refers to an AHCCCS member who is eligible for both Medicaid and Medicare services. There are two types of dual eligible members: those eligible for Qualified Medicare Beneficiary (QMB) benefits (QMB Dual), and Medicare beneficiaries not eligible for QMB benefits (Non-QMB Dual).

QMB Dual -An individual who is eligible for QMB benefits as well as Medicaid benefits. QMB duals are entitled to AHCCCS and Medicare Part A and B services.

Non-QMB Dual -An individual who is eligible for Medicaid and has Medicare coverage, but who is not eligible for QMB.

In-Network Provider - A provider that is contracted with the Contractor to provide services. However, at its discretion, a Contractor may authorize services to be provided by a non-contracted provider, such as a hospital.

Out of Network Provider - An out of network provider is a provider that is neither contracted with nor authorized by the Contractor to provide services to AHCCCS members.

Medicare Risk HMO - A managed care entity that has a Medicare contract with HCFA to provide services to Medicare beneficiaries.

III. Policy

A. Covered Services

1. QMB Duals

QMB Duals are entitled to all AHCCCS and Medicare part A and B covered services. The Contractor is responsible for the payment of the Medicare deductible and coinsurance for AHCCCS covered services. In addition to AHCCCS covered services, QMB Duals may receive Medicare services that are not covered by AHCCCS, or differ in scope or duration. The services must be provided regardless of whether the provider is in the Contractor's network. These services include:

Chiropractic services for adults

Inpatient and outpatient occupational therapy coverage for adults

Inpatient psychiatric services (Medicare has a lifetime benefit maximum)

Other behavioral health services such as partial hospitalization

Any services covered by or added to the Medicare program not covered by AHCCCS

Please refer to the AHCCCS Medical Policy Manual (AMPM) for Medicare only covered services that are specific to the acute care and ALTCS programs.

2. Non- QMB Duals

The Contractor is responsible for the payment of the Medicare deductible and coinsurance for AHCCCS covered services that are rendered on a FFS basis by a Medicare provider within the Contractor's network. Contractors are not responsible for the services listed in III. A. 1 above.

3. Cost Sharing Matrix

Covered Services	Contractor Responsibility	In Network	Out of Network*	Prior Authorization Required
Medicare Only—not covered by AHCCCS	Cost sharing responsibility only for QMB Duals	YES	YES	NO
AHCCCS Only—not covered by Medicare, including pharmacy and other prescribed services	Reimbursement for all medically necessary services	YES	NO	YES
AHCCCS and Medicare covered Service (except for emergent)	Cost sharing responsibility only	YES	NO	YES
Emergency Services	Cost sharing responsibility only	YES	YES	NO

*Unless authorized by the AHCCCS Contractor

B. Limits on Cost Sharing

Contractors have cost sharing responsibility for AHCCCS covered services provided to members by an in network FFS Medicare provider. Contractors shall have no cost sharing obligation if the Medicare payment exceeds the Contractor’s contracted rate for the services. The Contractor’s liability for cost sharing plus the amount of Medicare’s payment shall not exceed the Contractor’s contracted rate for the service.

For those Medicare services for which prior authorization is not required, but are also covered by AHCCCS, there is no cost sharing obligation if the Contractor has a contract with the provider, and the provider’s contracted rate includes Medicare cost sharing as specified in the contract.

C. Prior Authorization

If the Contractor’s contract with a provider requires the provider to obtain prior authorization before rendering services, and the provider does not obtain prior authorization, the Contractor is not obligated to pay the Medicare cost sharing for AHCCCS covered services, except for emergent care. The Contractor cannot require prior authorization for Medicare only services.

If the Medicare provider determines that a service is medically necessary, the Contractor is responsible for Medicare cost sharing, even if the Contractor determines otherwise. If Medicare denies a service for lack of medical necessity, the Contractor must apply its own criteria to determine medical necessity. If criteria support medical necessity, then the Contractor shall cover the cost of the service.

D. Out of Network Services

1. Provider

If an out of network referral is made by a contracted provider, and the Contractor specifically prohibits out of network referrals in the provider contract, then the provider may be considered to be in violation of the contract. In this instance, the Contractor has no cost sharing obligation. The provider who referred the member to an out of network provider would be obligated to pay any cost sharing. The member shall not be responsible for the Medicare cost sharing except as stipulated in D.2. of this policy.

2. Member

If a member has been advised of the Contractor's network, and the member's responsibility is delineated in the member handbook, and the member elects to go out of network, the member is responsible for paying the Medicare cost sharing amount. (Emergent care, pharmacy, and other prescribed services are the exceptions.) This member responsibility must be explained in the Contractor's member handbook.

E. Pharmacy and Other Physician Ordered Services

Contractors shall cover prescriptions and other ordered services that are both prescribed and filled by in-network providers. If a provider prescribes a non-formulary prescription, then the Contractor may opt to not reimburse for the prescription. The Contractor may also require prior authorization.

IV. References

AHCCCS State Plan Amendment 96-13 - Medicare Cost Sharing
ARS 36-2946 A
ARS 36-2972 C
AAC R9-29-302B
AAC R9-29-401
1905(p)(3) of the Social Security Act