

**Dushuttle, Patricia**

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**From:** Holt, Kathryn (CMS/CMCHO) <Kathryn.Holt@cms.hhs.gov>  
**Sent:** Tuesday, February 21, 2012 3:44 PM  
**To:** Dushuttle, Patricia  
**Cc:** McGreal, Richard R. (CMS/NC); Heffernan, Jennifer M. (CMS/CMCS); Silanskis, Jeremy D. (CMS/CMCS); Badaracco, Andrew (CMS/CMCS)  
**Subject:** Call with Maine re: PNMI/Bundled Rates  
**Attachments:** Guidelines for Reimbursing PNMI 2.21.2012.docx  
**Importance:** High

Patty:

My apologies for the late cancellation of today's call, but after an internal discussion, we thought it best if the call be rescheduled to a later date.

Attached you will find the guidelines for PNMI reimbursement; these guidelines outline the bundling option.

We are happy to schedule a call in the near future to discuss the State's question regarding cross-service bundles, but in advance of that call it would be best if that State could provide a few more questions as a starting-off point (what services the State is interested in bundling, etc) so that I can be sure to have the correct coverage team available.

Yours,  
Katie  
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**From:** Dushuttle, Patricia [<mailto:Patricia.Dushuttle@maine.gov>]  
**Sent:** Thursday, February 09, 2012 09:49 AM  
**To:** Mills, Stephen C. (CMS/CMCHO); Holt, Kathryn (CMS/CMCHO)  
**Subject:** Substance Abuse PNMI rates

I am looking at "unbundling" some of the current PNMI substance abuse services provided, and want to better understand concerns with bundled rates. I think much of the conversations we have had around concerns for bundling rates had to do with services not under the same part of the state plan (such as personal care and rehabilitation) bundled together. Is that correct?

Many evidence based substance abuse programs have a per diem rate that combines several rehabilitative components of the service, such as assessment, group counseling, personal counseling, and medication management into one rate. Do you see that as problematic, so long as the model's integrity is upheld in providing that service?

Thanks for any feedback!

Patty

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## **Guidelines for Reimbursing PNMI's**

Federal regulations at 42 CFR 434.2 define a PNMI (private non medical institution) as an institution (such as a child care facility or a maternity home) that is not, as a matter of regular business, a health insuring organization or a community health care center that provides medical care to its residents through contracts or other arrangements with medical providers and receives capitation payments from the Medicaid agency, under a nonrisk contract, for its residents who are eligible for Medicaid. PNMI's must be reimbursed pursuant to the regulations at 42 CFR Part 438.

If the "PNMI's" in Maine do not meet the above definition, there are a number of ways in which the Medicaid agency can reimburse for Medicaid-covered services provided to PNMI residents.

### **Definitions:**

- Service type: 1905(a) (of the Social Security Act) service category
- Group: in this document, defined as target group (eg foster children)

### **There are 3 options for reimbursing PNMI's.**

1. Capitation: pursuant to requirements outlined in 42 CFR Part 438.
2. Fee for service - reimburse individual qualified Medicaid providers for each Medicaid service they render to residents of the PNMI.
3. Fee for service bundle – reimburse for a bundle of services provided within a specified period of time.

For options 2 and 3, payment for the services can be made to the facility on behalf of the qualified employed or contracted Medicaid providers. Services must be available on either a bundled or unbundled basis to all individuals who require the services and may not be limited to the PNMI setting.

### **Bundling requires adherence to the following principles and guidelines:**

- Bundles do not need to be setting specific.
  - o The State can use data to determine an average package of services within a service type, for a specific group of beneficiaries. This average can be determined for the delivery of service type, to this group, across several PNMI facilities within the State; the calculated average package does not need to represent the average package for each individual PNMI facility.
  - o Using this average package, a **daily** rate may be developed, for which the service bundle may be reimbursed.
- CMS expects that States will develop bundled rates based upon actual service data maintained by providers. Therefore, the State must ensure that providers of services within PNMI's maintain data that supports a conclusion that the rate developed by the Medicaid agency is economic and efficient.

- That data normally consists of information showing the provision by practitioner of the individual **covered** Medicaid services included in the bundled payment and the cost by practitioner and type of service actually delivered under the bundled rate.
  - The State must describe the development of the rate in the State plan. Costs related to room and board and other unallowable costs must clearly be excluded.
- 42 CFR 431.107 requires that each provider or organization furnishing services agree to keep any records necessary to disclose the extent of services the provider furnishes to beneficiaries and, on request, furnish the Medicaid agency any information maintained and any information regarding payments claimed by the provider for furnishing services under the plan. The State Medicaid Manual in Section 2500.2(A) requires that a State Medicaid agency report “only expenditures for which all supporting documentation is available, in readily reviewable form, which has been compiled and which is immediately available when the claim is filed” on the CMS-64. This section continues by stating that “... supporting documentation includes as a minimum the following: date of service; name of recipient; Medicaid identification number; name of provider agency and person providing the service; nature, extent or units of service; and the place of service.”
- In accordance with these requirements, the State must include language in the State plan identifying the data to be maintained by providers and must assure that the State will review that data in order to develop and revise as necessary, an economic and efficient rate.