ADMINISTRATIVE DIRECTIVE

TRANSMITTAL: 91 ADM-22

DIVISION: Medical Assistance

TO: Commissioners of Social Services

DATE: July 23, 1991

SUBJECT: Medical Assistance Utilization Threshold Program

SUGGESTED DISTRIBUTION:
Medical Assistance Staff
Services Staff
Income Maintenance Staff
Fair Hearing Staff
Staff Development Coordinators
WMS Coordinators

CONTACT PERSON: Any program questions should be directed to Lawrence Moss at 1-800-342-3715, extension 4-9238. Any MA eligibility or WMS related questions should be directed to the MA Eligibility County Representative at 1-800-342-3715, extension 3-7581, MA New York City Representative at (212) 417-4853.

ATTACHMENTS: See Attachment I for List of Attachments (list available on-line)

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
		500, 505, 511	Chapter 938 of the Laws of 1990		

I. Purpose

The purpose of this Directive is to inform social services districts of the implementation of a Utilization Threshold Program for Medical Assistance (MA) recipients between the ages of 21 through 64 who are in the Home Relief (HR), HR-related, or HR-Federally non participating Parent (FNP) categories. Utilization thresholds have been established on the number of Physician/Clinic, Pharmacy, and Laboratory services that these recipients can receive under the MA Program. Recipients may apply to the Department of Social Services (Department) for increases in or exemptions from Utilization Thresholds.

II. Background

Chapter 938 of the Laws of 1990 authorizes the Department to implement a Utilization Threshold Program for MA recipients in the HR, HR-related, or HR-FNP Parent categories. The overall intent of the program is to deter unnecessary utilization of select ambulatory care services under the MA program and to ensure that the care and services provided are medically necessary and appropriate, that alternative service delivery options are considered, and that the care rendered conforms to accepted professional standards.

Utilization thresholds are annual service limitations established by the Department based upon provider service type. Utilization thresholds are designed to promote appropriate use of services consistent with quality care. A limitation on the number of service units for the following provider service types has been established: Physician/Clinic, Pharmacy, and Laboratory. The utilization threshold for each provider service type has been established at levels such that the vast majority of recipients will not exceed the limit.

III. Program Implications

The Utilization Threshold Program represents a partial restructuring of the MA Program, with service limits imposed for select ambulatory care services for recipients in the HR, HR-related, and HR-FNP Parent categories who are between the ages of 21 through 64. The Utilization Threshold Program requires a recipient, or a provider on behalf of a recipient, to apply for an increase in or exemption from a particular provider service type from the Department in order to receive care or services in excess of a utilization threshold. The care or services provided to a recipient who has applied for an increase in or exemption from a utilization threshold may undergo a medical review by the Department to determine if the recipient would benefit from referral to a managed care program (Attachment XI will be sent by the Department to appropriate HR clients when managed care plans are available in the

district) or the Recipient Restriction Program (RRP) to ensure that the recipient uses MA covered care and services more appropriately, efficiently and effectively. By tracking utilization patterns of specific provider service types by HR, HR-related, or HR-FNP Parent recipients, this Department can take more timely action to assure that quality care is being provided in the most cost-effective and efficient manner.

The Utilization Threshold Program became effective March 1, 1991, although potential providers of service will not be able to request a service authorization through the Electronic Medicaid Eligibility Verification System (EMEVS) until July 1, 1991 (See Section V. System Implications). Services provided to a recipient between March 1, 1991 and July 1, 1991 will be applied toward the utilization threshold for each provider service type subject to the Utilization Threshold Program.

After a recipient has reached a utilization threshold, the MA program will not pay for additional care unless the Department has exempted the recipient from the threshold, granted the recipient an increase in the threshold, or the provider certifies that care was furnished pursuant to an urgent medical need or medical emergency. Utilization thresholds do not apply to certain services or procedures (See Attachment VIII for details).

HR, HR-Related, and HR-FNP Parent recipients who were MA active prior to March 1, 1991 were notified about the implementation of utilization thresholds prior to this date. Instructions for notifying recipients who became subject to the Utilization Threshold Program after March 1, 1991 were contained in Local Commissioners Memorandum (LCM) 91 LCM-34. New recipients will be notified at the time their application for MA is accepted. The Department will send recipients written notices during their benefit year if they are using services of a specific provider service type at a rate which would cause them to reach a threshold prior to the end of the benefit year. Recipients will also be sent final notices at the time a threshold is reached which will include a statement of Fair Hearing rights and how to request a Fair Hearing if a request for an exemption from or increase in the utilization threshold is denied.

MA providers who request an authorization for MA reimbursement for a service which is subject to a utilization threshold will be informed if a recipient is nearing the threshold or has reached the threshold. If a recipient has reached the threshold and an increase in or exemption from the threshold has not been requested, MA will not authorize payment to the provider unless the provider certifies the services are furnished as a result of an urgent medical need or medical emergency and so indicated on their claim for reimbursement.

The Department will establish a benefit year within which a recipient may receive all items of a provider service type subject to utilization thresholds. The benefit year is the 12 month period beginning March

1, 1991 or later depending on when the recipient becomes eligible for MA in the HR, HR-related, or HR-FNP Parent categories. In establishing the benefit year, the Department may reduce the annual threshold on a prorata basis.

When a recipient or a provider on behalf of a recipient applies to the Department for an exemption from or an increase in a utilization threshold for a particular service type, the recipient will be eligible for additional service units pending a determination of the recipient's application if certain conditions are satisfied. If a request for an exemption or an increase in services is denied, the Department will send the recipient a denial notice which explains Fair Hearing rights.

IV. Required Action

Districts must take the following actions to ensure that HR, HR-related, and HR-FNP Parent recipients affected by the Utilization Threshold Program are properly notified of changes to their MA coverage:

A. New Recipients

1. HR-related MA-onlys (including FNP Parents)

The following notices must be sent to individuals approved for MA-only in the HR-related category:

a. The revised State mandated DSS-3622 "Notice of Decision on your Medical Assistance Application" (See Attachment II).

The new accept box (box 2) must be checked on the revised DSS-3622 to notify these recipients of their eligibility for full MA coverage with service limitations.

b. The Medicaid Utilization Threshold Fact Sheet (See Attachment III).

2. HR Recipients

The following notices must be sent to individuals approved for Public Assistance (PA) in the HR category:

a. The revised State mandated, DSS-4013 "Action taken on your Application: Public Assistance, Food Stamps and Medical Assistance Coverage" (See Attachment IV).

The new accept box (box 3) must be checked under the MA section of the revised DSS-4013 to notify these recipients of their eligibility for full MA coverage with service limitations.

b. The Medicaid Utilization Threshold Fact Sheet (Attachment III).

B. Change of Category

Notices of intent to change benefits must be sent to recipients on the Department generated list which will be sent to districts on a monthly basis. This list contains the names of PA/MA recipients in the ADC or ADC-related category who are turning 21 years of age and become HR or HR-related and those in the HR or HR-related category who are turning 65 years of age (See Section V for Systems Implications). In addition, notices of intent to change benefits must be sent to PA/MA recipients who have a category change to or from the HR or HR-related Category.

1. MA-onlys (including FNP Parents)

The following change notice(s) must be sent to all MA-only recipients on the monthly list and/or recipients with a change of category:

a. The new State mandated "Notice of Intent to Change Medical Assistance Coverage (Utilization Threshold Program)" (See Attachment V).

b. The Medicaid Utilization Threshold Fact Sheet (See Attachment III). This must be sent only to recipients changing to the HR-related category.

NOTE: If the category change results in a change from full MA coverage to coverage with spend down of income or vice-versa, the State mandated DSS-3623, "Notice of Intent to Discontinue/Change Medical Assistance" must also be sent to affected recipients.

2. Public Assistance Recipients

The following change notices must be sent to PA recipients on the monthly list and/or recipients with a change of category:

a. The revised State mandated DSS-4015, "Notice of Intent to Change Benefits: Public Assistance, Food Stamps, Medical Assistance Coverage and Services (Timely and Adequate)" (Attachment VI) or if a recertification, the revised DSS-4014 "Action Taken on Your Recertification" (Attachment VIII).

NOTE: The revised State mandated DSS-4016 "Notice of Intent to Change Benefits, Public Assistance, Food Stamps, Medical Assistance Coverage and Services (Adequate Only)" (Attachment VII) must be sent when an adequate notice is applicable in accordance with Department Regulation 358-3.3.

The appropriate change box (box 5 or 6) must be checked under the MA section of these revised notices to notify recipients of changes in MA coverage as a result of a change to or from the HR category. However, if the PA case is being discontinued and a separate determination will be made for MA, only box 3, "continue the Medical Assistance coverage pending our review of eligibility" should be checked.

b. The Medicaid Utilization Threshold Fact Sheet (See Attachment III). This must be sent only when the category change is to the HR category from another category.

C. Other

All notices in Section IV must be locally reproduced for persons subject to the Utilization Threshold Program until a supply is available through the Forms and Publication Unit. Please type the name of your county in the top right-hand corner of page 2. You should continue to use the current printed supply for all other persons until a printed supply of the revised notices is available.

V. System Implications

A. WMS

1. UPSTATE - INSTRUCTIONS

a. Eligibility Criteria

Effective July 1, 1991, Recipient MA Coverage Code 16 (HR-Utilization Thresholds) is being added to the system. The new Coverage Code will be restricted to recipients in Presumptive Grant ADC (14), HR (16), VA (17) and MA Only (20) cases containing active individuals having Individual Categorical Code 09 (No ADC Deprivation), 16 (Public Home FNP), or 39 (FNP Parent Living with His/Her Child/ren Above the FNP Standard), and not having a State/Federal Charge Indicator of 30 (Refugee Assistance Program), 34 (Cuban Entrants), or 36 (Haitian Entrants).

In addition, individuals qualifying for the HR Utilization Threshold Program must meet certain age criteria. Specifically, qualifying individuals must be:

1) older than or equal to age 21 as of the last day of the month preceding the Recipient MA Coverage From Date month associated with Recipient MA Coverage Code 16 (HR UT).
2) younger than age 65 as of the last day of the month in which the Recipient MA Coverage From Date associated with Recipient MA Coverage Code 16 (HR UT) occurs.

b. Mass Conversion

A one-time mass conversion has been planned for the last weekend in June 1991, to convert the Recipient MA Coverage Code from 01 (Full Coverage) to 16 (HR UT), with a system-generated Recipient MA Coverage From Date of July 1, 1991, for active MA recipients meeting the above criteria and who have coverage through July 31, 1991. The date July 1, 1991 is used in calculating the age criteria for individuals to be selected, as that date equals the effective date of the HR UT coverage to be generated.

NOTE: Individuals meeting the HR UT criteria and having MA coverage other than Full Coverage may be exempt from the HR UT mass conversion, depending upon Case Type and Individual Categorical Code factors. (See Section V. A. 1. c.)

c. WMS Case Processing Edit Changes

Effective July 1, 1991, system support will be available that will prevent the inappropriate entry of MA Coverage Code 16, as well as preventing the entry of MA Coverage Code 01 for individuals meeting the above criteria (see below).

1). Full Data Entry / Error Correction

a) For Case Type 14/16/17 individuals meeting the above HR Utilization Threshold Program criteria, if the MA Coverage Code value is blank during case processing and the entered/generated MA Coverage From Date is greater than or equal to July 1, 1991, the system will generate MA Coverage Code 16. (The system will continue to generate MA Coverage Code 01 for non-UT individuals and when the entered/generated Coverage From Date is less than July 1, 1991.) However, if the MA Coverage Code is entered with an entered/generated Coverage From Date greater than or equal to July 1, 1991 and the Coverage Code does not equal Code 16 (HR UT), or 30 (Prepaid Capitation), an error condition will result.

b) For Case Type 20 individuals with Individual Categorical Code 09 (No ADC Deprivation), 16 (Public Home FNP), or 39 (FNP Parent Living with His/Her Child...) and meeting the above HR Utilization Threshold Program criteria, it will be necessary to enter Coverage Code 16 when the entered/generated MA Coverage From Date is greater than or equal to July 1, 1991.

NOTE: When appropriate, Case Type 20 HR Utilization Threshold individuals with Individual Categorical Code 09/16 can also have MA Coverage Code 07 (Emergency Services Only), 10 (All Services Except Long Term Care), 15 (Perinatal Care), 30 (PCP Full Coverage), or 31 (PCP Coverage Only); HR UT individuals with individual Categorical Code 39 can also have MA Coverage Code 07, 10, 30 or 31.

In addition,whenever an entered HR Utilization Threshold Coverage From Date is prior to July 1, 1991, the entry of Coverage Code 16 will not be allowed. Also, if the Coverage From Date is blank for an individual with HR-Utilization Threshold coverage (16), the system will generate the MA Coverage Dates consistent with the processing of non-UT individuals, that is, based on the entered Authorization Dates, but only if the From Date to be generated is greater than or equal to July 1, 1991. For HR Utilization Threshold individuals for whom coverage must be established for a period spanning July 1, 1991, it will be necessary to process that coverage with two transactions, one for the period prior to July 1, and a second for the period beginning July 1.

It will also be necessary to process two coverage periods when a retroactive coverage period is to be authorized and HR UT eligibility status differs between the retroactive and current periods to be authorized.

2). Undercare Maintenance

For Case Type 14/16/17/20 individuals meeting the HR Utilization Threshold Program criteria, the allowable MA coverage codes are the same as for Full Data Entry (above). In addition, the above Full Data Entry rules apply to Utilization Threshold Qualifying individuals added to a case during an Undercare Maintenance transaction.

The system will continue to generate the MA Coverage Dates if blank, consistent with the processing of non-UT individuals. However, if the current MA coverage is being downgraded to HR UT Coverage from, for example, Full Coverage, the WMS downgrade edits will require that the From Date associated with Coverage Code 16 be at least ten days in the future as well as being equal to the first of a month.

d. Automated SDX/WMS Interface (ASWI) Processing Changes

When SSI benefits are discontinued, the ASWI process automatically changes case type from MA-SSI (22) to MA-Only (20). The Authorization To Date is extended to allow for processing of a separate MA determination required by the Stenson v. Blum decision. Individuals discontinued from SSI who meet the above HR Utilization Threshold Program criteria will be authorized for only two months of continued (Full) MA Coverage, effective July 1, 1991. The two month coverage period begins with the first of the month of the ASWI transaction. Where appropriate, it will be

necessary to change the MA coverage for these recipients to HR Utilization Threshold (16) and extend the coverage period, in order to send timely notice before the ASWI generated coverage lapses.

ASWI processing will continue unchanged for non-UT individuals.

e. Monthly Report

HR Utilization Threshold eligibility changes will occur on an ongoing basis each month for those individuals who turn age 21 years or age 65 years, and meet the non-age criteria for the HR Utilization Threshold Program, as well as for MA Only individuals meeting the Utilization Threshold Program criteria whose (Full) MA Coverage has been continued following SSI termination. Therefore, a new monthly report (tentatively scheduled for production in June 1991) will assist districts in identifying such cases in need of MA Coverage changes.

Part I of the report will list individuals who "age into" the Utilization Threshold Program as a result of turning age 21 during the upcoming report month, as well as those meeting the Utilization Threshold Program criteria whose MA coverage has been continued following SSI termination. The report will indicate that the MA Coverage Code should be changed to 16 (HR UT) for such individuals effective with the first of the month following the report month. However, the system will allow other MA Coverage Codes in addition to Code 16, depending on Case Type and Individual Categorical Code (see above). In addition, the suggested effective date of the coverage change allows one extra month to allow for MA coverage downgrade edits requiring that such changes be made at least ten days prior to the first of the month of the effective change, and to allow for the district's issuance of the Timely Notice and HR Utilization Threshold FACT SHEET.

Part II of the report will list individuals with Coverage Code 16 who "age out" of the Utilization Threshold Program as a result of turning age 65 during the upcoming report month, and will indicate that the MA coverage should be changed for such individuals effective with the first of the report month.

Because it is essential that districts make the necessary MA coverage code changes promptly, both Parts I and II of the report will contain an "Overdue Indicator" heading to identify whether certain individuals were listed in a previous report(s) and are therefore potentially overdue for coverage changes.

2. NEW YORK CITY

- Instructions will be forthcoming under separate cover.

B. EMEVS

In order to monitor the recipients' use of medical services for provider service types subject to the Utilization Threshold program, the Department will utilize the Electronic Medicaid Eligibility Verification System (EMEVS). This electronic system presently verifies a client's Medicaid eligibility.

Starting July 1, 1991, the potential provider of service will be required to access EMEVS prior to rendering service to capture provider/recipient service data to ascertain whether the recipient has reached the particular threshold for that type of service. If the recipient has not reached his/her threshold, EMEVS will inform the provider that the service is approved and record that approval for transmission to the MMIS fiscal agent so that the claim may be paid. If a recipient's utilization is nearing the threshold for the particular provider service type, EMEVS will trigger a warning letter to be sent to the recipient which will advise the recipient as to how to obtain an exemption from or an increase in limits. The provider will also be informed that the recipient is nearing a threshold at the time EMEVS is accessed to obtain a service authorization.

If the recipient has reached his/her service limitation, EMEVS will inform the provider that the request for a service authorization is disapproved and simultaneously record that disapproval. At the same time, EMEVS will trigger a letter to be sent to the recipient advising that the threshold has been reached for the particular provider service type and how to request an exemption from or an increase in service limits.

VI. Additional Information

Districts with approved local equivalents of affected client notices must re-submit their notices with the necessary changes made for approval. The revisions must be submitted to this Department for approval according to the procedures in the Local Managers Guide, Section 12, pages 1 through 5.

VII. Effective Date

This Directive is effective immediately retroactive to March 1, 1991.

Jo-Ann A. Costantino
Deputy Commissioner
Division of Medical Assistance

LIST OF ATTACHMENTS

Attachment I	List of Attachments (available on-line)
Attachment II	Revised "Notice of Decision on your Medical Assistance Application", DSS-3622 (not available on-line)
Attachment III	"Medicaid Utilization Thresholds Home Relief Recipients Fact Sheet", DSS-4277 (not available on-line)
Attachment IV	Revised "Action Taken on Your Application: Public Assistance, Food Stamps and Medical Assistance Coverage", DSS-4013 (not available on-line)
Attachment V	"Notice of Intent to Change Medical Assistance Coverage (Utilization Threshold Program)", DSS-4276 (not available on-line)
Attachment VI	Revised "Notice of Intent to Change Benefits: Public Assistance, Food Stamps and Medical Assistance Coverage and Services (Timely and Adequate)", DSS-4015 (not available on-line)
Attachment VII	Revised "Notice of Intent to Change Benefits: Public Assistance, Food Stamps, Medical Assistance Coverage and Services (Adequate Only)", DSS-4016 (not available on-line)
Attachment VIII	Revised "Action Taken on Your Recertification": Public Assistance, Food Stamps, Medical Assistance Coverage and Services", DSS-4014 (not available on-line)
Attachment IX	"Local District Procedures for UT-HR Verification" (not available on-line)
Attachment X	"Clinic Speciality Codes Included in Utilization Thresholds for Home Relief Adults" (not available on-line)
Attachment XI	"Dear Home Relief Client" Letter regarding Managed Care Plans (not available on-line)