

Rule No. 560-X-47-.07 Payment Methodology

~~(1) The Medicaid reimbursement for each service provided by a rehabilitative services provider shall be based on the following criteria as found in 42 CFR Sections 447.325 and 447.304 and shall not exceed the lower of:~~

- ~~_____ (a) The customary charges of the provider but not more than the prevailing charges in the locality for comparable services under comparable circumstances; or~~
- ~~_____ (b) the amount billed; or~~
- ~~_____ (c) the fee schedule established by Medicaid as the maximum allowable amount.~~

~~_____ (2) Actual reimbursement will be based on the rate in effect on the date of service. Only those services that qualify for reimbursement will be provided under this program. A statewide maximum payment will be calculated for each service designated by a procedure code recognized by the Alabama Medicaid Agency as a covered service.~~

The Medicaid reimbursement for each service provided by a rehabilitative services provider shall be based on the following criteria in accordance with the methodology described below:

(1) For procedure codes with an assigned Medicare rate (i.e. CPT codes), the proposed rate will be the current published Medicare Physician Fee Schedule Rate for Alabama.

(2) For procedure codes without an assigned Medicare Rate on the Physician Fee Schedule (i.e. HCPCS) codes, the reimbursement will be 'By Report'. 'By Report' means paying a percentage of billed charges. The percentage is derived by dividing the previous state fiscal year's total Medicaid reimbursement (total allowed charge) for services included in the Physician Fee Schedule by the previous state fiscal years total Medicaid billings.

a. $\text{Percentage} = \frac{\text{Total 'Allowed Amount'}}{\text{Total 'Billed Amount'}}$

b. $\text{Average Billed Amount} = \frac{\text{Total 'Billed Amount'}}{\text{Total 'Allowed Quantity'}}$

c. $\text{Proposed Rate} = \text{Percentage times Average Billed Amount}$

(3) For procedure codes with no utilization one of the three methods below will be used.

a. Current rate that the Rehabilitative Services State Agencies utilizes.

b. Current rate from another state for same service.

c. For those services that need rate different from current Alabama or other state rate a financial cost model will be used to calculate rate.

Except as otherwise noted in the plan, payment for these services is based on state-developed fee schedule rates, which are the same for both governmental and private providers of Rehabilitative Services. The Agency's fee schedule rates were set as of October 1, 2018 and are effective for services provided on or after that date.

All rates are published and maintained on the Agency's website. at www.medicaid.alabama.gov. For the most recent Rehabilitative Service Fee Schedule click on the Providers tab, select Fee Schedules, check "I Accept" on the User Agreement, then click the Providers tab, Fee Schedules, and Rehabilitative Option Fee Schedule.

Actual reimbursement will be based on the rate in effect on the date of service. Only those services that qualify for reimbursement will be provided under this program.

Author: Karen M. Smith, Associate Director, Mental Health Programs

Statutory Authority: 42 CFR Section 447.304 and 447.325; Social Security Act, Title XIX, State Plan for Medical Assistance, Attachment 4.19-B.

History: Rule effective August 11, 1990; amended August 14, 1991. Emergency rule effective March 1, 1994. Effective date of this amendment June 14, 1994. **Amended:** Filed February 20, 2009; effective May 15, 2009. **Amended:** Filed November 19, 2018.