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| LOCAL COMMISSIONERS MEMORANDUM |
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Transmittal No: 90 LCM-121

Date: August 2, 1990

Division: Medical Assistance

TO: Local District Commissioners

SUBJECT: Preferred Physicians and Children Program (PPAC)

ATTACHMENTS: There are no attachments to this LCM

On October 1, 1990, New York State Department of Social Services will increase fees for qualified primary care and other specialist physicians who provide services to children under age 21 through implementation of the Preferred Physicians and Children Program (PPAC). The new fees will be set at levels approximating those paid by commercial insurers. The program will only be available to those physicians who meet the eligibility and practice requirements outlined below.

PHYSICIAN ELIGIBILITY AND PRACTICE REQUIREMENTS

The preferred primary care physician must:

- a. Have active hospital admitting privileges in an appropriately accredited hospital.

This requirement may be waived for physicians who are otherwise qualified to obtain hospital admitting privileges but are unable to do so for reasons outside their control. Such physicians must document in writing an ability to monitor their patients when hospitalized. Such documentation must include: 1) an active hospital appointment at an appropriate level (e.g., a courtesy appointment) or an agreement with another physician who is able to monitor patient care on behalf of the physician unable to obtain admitting privileges; and 2) copies of materials ordinarily required for admitting privileges (e.g., references, liability insurance, etc.).

- b. Be board certified (or board admissible for a period of no more than five years from completion of a post graduate training program) in internal medicine, pediatrics, family practice, or OB/GYN. This requirement may be waived for general practitioners currently serving Medicaid children in areas of the State where there are insufficient numbers of Medicaid-enrolled preferred primary care physicians.

This requirement is waived for the physician already enrolled in Medicaid as a C/THP provider.

- c. Provide 24-hour coverage of the practice. This can be accomplished by having an after-hours phone number with an on-call physician, nurse practitioner or physician's assistant to respond to patients. This requirement cannot be met by a recording referring patients to emergency rooms.
- d. Be a provider in good standing if enrolled in the Medicaid Program at time of application.
- e. Agree to participate in the Medicaid Child/Teen Health Plan.
- f. Coordinate medical care services to the extent of:
 - 1. arranging for hospital admissions;
 - 2. arranging for specialty consultations and advising patients on the results of these consultations; and
 - 3. arranging for necessary ancillary services such as lab, radiology, physical therapy, etc.
- g. Sign a written agreement with the MA program, such agreement to be subject to cancellation with 30-day notice by either party.

The preferred specialist physician must:

- a. Have active hospital admitting privileges in an appropriately accredited hospital.
- b. Be board certified (or board admissible for a period of not more than five years from completion of a post graduate training program) in a recognized specialty.
- c. Be a provider in good standing if enrolled in the Medicaid Program at time of application.
- d. Provide consultation summary or appropriate periodic progress notes to the primary care physician on a timely basis following a referral.

- e. Notify the primary care physician when arranging a hospital admission.
- f. Sign a written agreement with the MA program, such agreement to be subject to cancellation with 30-day notice by either party.

CHILD/TEEN HEALTH PLAN

Under the current system, physicians who want to enroll in the Child/Teen Health Plan (C/THP), which is Medicaid's program providing comprehensive health care to children, must undergo an additional Medicaid application procedure and are subject to special claiming requirements. Under PPAC, all care for children must be provided in accordance with C/THP standards. These standards are reflective of the recommendations of the American Academy of Pediatrics. A copy of these standards will be included with all enrollment packets.

All physicians who enroll in PPAC must participate in C/THP and will be enrolled automatically by the State in C/THP. Local districts will no longer be required to submit a letter of recommendation to enroll these physicians. Physicians currently enrolled in C/THP will be encouraged to enroll in PPAC and have certain qualifications and practice requirements waived. It is expected that most C/THP providers will also enroll in PPAC. However, physicians who elect not to enroll in PPAC may continue to provide C/THP services.

Periodically, C/THP coordinators will be mailed a list of PPAC/CTHP physicians in their district who have contracted with the State. This list will include the physician's name, service addresses, telephone number, and specialties (internist, pediatrician, etc.).

REIMBURSEMENT

Physicians that enroll as Preferred Primary Care Providers will receive enhanced Medicaid payments for the care they provide to Medicaid infants and children under the age of 21. Their reimbursement will be based upon a variation on the Products of Ambulatory Care (PACs) classification system that has been developed especially for physicians. The PAC classification system consists of groups of ambulatory care visits that require a similar amount of physician's time to care for the patient. These groups have been defined based upon the patient's principal diagnosis and represents the range of primary care and specialty physician services that a pediatric population may require.

A Medicaid fee has been established for each of the PAC groups. Based upon a projection of ambulatory care visits across the PAC groups it has been estimated that the average physician fee per visit will be approximately \$40. A physician's actual reimbursement will be dependent upon their distribution of cases across the PAC groups and their geographic location. The PAC fee structure incorporates a regional adjustment for downstate providers and upstate providers, with the downstate area defined as the greater New York City metropolitan area.

This new PACs reimbursement system consists of several visit categories, each of which is associated with a discrete payment amount. The age and diagnosis of the patient determine which visit category and which payment amount is used for each claim.

PILOT PROJECT

In order to assure that the billing and payment systems are functioning efficiently, the Department is testing these systems before the program starts on October 1, 1990. A small number of designated physicians began billing on the new payment system on July 1, 1990. As participants in the pilot project, the physicians received the following benefits:

1. On-site training for physicians and their staff. Representatives from the Computer Science Corporation (CSC) instructed physicians and their staff in proper billing procedures.
2. Ability to refine the program. Physicians and their staff will have the opportunity to identify ways to improve the billing and claim process as well as other aspects of the program.
3. On-going technical assistance. CSC representatives will assist physicians with any billing or claims payment problems. Each office has an assigned CSC representative.

ENROLLMENT

The pilot project phase of PPAC is designed to include participation by a limited number of primary care physicians only. All other qualified physicians will be able to enroll prior to statewide implementation scheduled for October 1, 1990.

To apply both for enrollment in the Medicaid Program and participation in PPAC the physician may obtain a physician enrollment package by written request to the New York State Department of Social Services, Provider Enrollment Unit, P. O. Box 1935, Albany, New York, 12201. The enrollment package will contain the necessary forms for both purposes.

The physician already enrolled as a Medicaid provider should request an "Application for Enrollment as a Medical or Dental Specialist," including the addendum, "Application/Agreement for Participation in the Medicaid Preferred Physicians And Children Program," by written request to New York State Department of Social Services, Provider Enrollment Unit, P. O. Box 1935, Albany, New York 12201.

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COST-EFFECTIVENESS

Although this fee increase to preferred physicians will increase the cost of providing primary care to children, it is expected that the cost of inpatient hospital and emergency room care will be reduced. The provision of early preventive health care has proven effective in reducing the costs of more expensive crisis interventions.

If you have any questions regarding this memorandum, please contact Ms. Barbara Meg Frankel at 1-800-342-3715, ext. 3-5565

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Division of Medical Assistance