



Kansas Medical Assistance Program



December 2009

Provider Bulletin Number 9121

General Providers

Budget Shortfall Payment Reductions

Effective with dates of service on and after January 1, 2010, payments issued by the KHPA Medical Plans will reflect a 10 percent reduction due to budget shortfall requirements as directed by the governor's office. The reduction is necessary to meet the Kansas law requiring a balanced budget. This payment reduction is not a reduction on the current Kansas Medical Assistance Program (KMAP) fee schedule but a reduction on the final payment amount. Concerning the reductions, please note the following:

- The reduction applies to all providers as indicated in the public notice, published in the Kansas Register, December 17, 2009. The notice can be viewed at: http://www.kssos.org/pubs/register/2009/Vol_28_No_51_December_17_2009_p_1725-1748.pdf.
- Fee schedules and other payment rates will not be reduced. Normal payment algorithms will apply, including the appropriate reductions for third party liability and spenddown. The "Budget Shortfall" payment reduction will apply to the Medicaid paid amount (net reimbursement amount).
- The 10 percent payment reduction will be reported in the cutback/denied amount line on the remittance advice (RA). The cutback/denied amount line will include the sum of all the reductions, including the budget shortfall reduction.
- The reduction will apply to paid claims, Medicaid disproportionate share payments, graduate medical education payments, critical access hospital settlements, Rural Health Clinic (RHC) cost settlements, Federally Qualified Health Center (FQHC) cost settlements, payments for Home and Community Based Services (HCBS) waivers, targeted case management, psychiatric residential treatment facility (PRTF), nursing facility, nursing facility for mental health (NF/MH), community mental health center (CMHC), substance abuse, head injury rehabilitation, and other payments. The reduction will apply to dates of service on and after January 1, 2010.
- The 10 percent payment reduction will not be paid. However, it will be stored and tracked. The remaining 90 percent will be paid.
- Until a permanent code is created, the reduction will be identified using claim adjustment reason code 131 (Claim specific negotiated discount). A new claim adjustment reason code has been requested, and the explanation of benefits will be updated to reflect the new claim adjustment reason code once it has been established.

Understanding how the budget shortfall reduction will appear on the RA

Using the example RAs below, here is how the budget reduction can be calculated.

Physician Claim

PATIENT NAME PATIENT ACCT		BENEFICIARY ID ICN			CARRIER # SPENDDOWN +		TPL PAYMENT COPAY +		PATIENT = LIABILITY =		TOTAL COMBINED PATIENT RESP	
START DATE	END DATE	PROC CODE	M1M2M3M4	QTY	PERFORMING PROVIDER	BILLED AMOUNT	ALLOWED AMOUNT	CUTBACK/ DENIED AMT	CERTIFIED MATCH	PAYMENT AMOUNT	KMAP EXPLANATION OF BENEFITS CODES	

-												
DOE, JOHN		00000000000			2009000000000		0.00	+ 4.00	+ 0.00	= 4.00		
12/01/2009	12/01/2009	99213		1.0	3333333333	100.00	40.84	65.04	0.00	34.96	8410 9001 9918	
12/05/2009	12/05/2009	99213		1.0	3333333333	100.00	40.84	65.04	0.00	34.96	8410 9001 9918	
		****CLAIM TOTAL				200.00	81.68	130.08	0.00	69.92		
KMAP EOB CODE DESCRIPTIONS						REMITTANCE ADVICE AS OF 12/09/2009						PAGE
2												
KMAP EOB CODE	HIPAA GROUP CODE	ADJ	HIPAA REASON CODE	ADJ	HIPAA REMARK CODE	KMAP EXPLANATION OF BENEFITS DESCRIPTION						

Detail 1

12/1/2009, 99213

Step 1

EOB 9918: Posts when the billed amount is reduced to correspond with the Medicaid allowed amount

The Medicaid allowed amount equals **40.84**.

100.00 minus **40.84** equals **59.16** (cutback/denied amount field).

Step 2

EOB 9001: Posts when there is a copayment amount being applied

The copay amount goes in the cutback/denied amount field total.

40.84 minus **2.00** (copay amount) equals **38.84** (new allowed amount).

Step 3

EOB 8410: Posts when the final payment amount is reduced due to the budget shortfall reduction

The reduction amount goes in the cutback/denied amount field total.

The Medicaid allowed amount times 10 percent equals the reduction amount.

38.84 times **.10** equals **3.88** (reduction amount, reflected in the cutback/denied amount field).

The new allowed amount times 90 percent equals the paid amount.

38.84 times **.90** equals **34.96** (final payment amount per detail).

Cutback/denied amount field per detail:

59.16 Cutback for Medicaid allowance

2.00 Copay amount for all detail lines

3.88 10 percent reduction amount

65.04 Cutback/denied amount total per detail line

HCBS Claim

PATIENT NAME PATIENT ACCT		BENEFICIARY ID ICN			CARRIER # SPENDDOWN AMOUNT	+	TPL PAYMENT COPAY	+	PATIENT LIABILITY	=	TOTAL COMBINED PATIENT RESP	KMAP EXPLANATION OF BENEFITS CODES	
START DATE	END DATE	PROC CODE	M1M2M3M4	QTY	PERFORMING PROVIDER	BILLED AMOUNT		ALLOWED AMOUNT		CUTBACK/ DENIED AMT	CERTIFIED MATCH	PAYMENT AMOUNT	
DOE, JOHN		00000000000	2009000000000			0.00	+	0.00	+	0.00	=	0.00	
10/01/2009	10/01/2009	S9482		1.0	3333333333	75.00		10.00		66.00	0.00	9.00	8410 9918
		****CLAIM TOTAL				75.00		10.00		66.00	0.00	9.00	
KMAP EOB CODE DESCRIPTIONS					REMITTANCE ADVICE AS OF 12/09/2009					PAGE 2			
KMAP EOB CODE	HIPAA ADJ GROUP CODE	HIPAA ADJ REASON CODE	HIPAA REMARK CODE	KMAP EXPLANATION OF BENEFITS DESCRIPTION									
8410	CO	131		PAYMENT AMOUNT ADJUSTED TO REFLECT THE TEN (10) PERCENT BUDGET SHORTFALL REDUCTION. THIS IS NOT A REDUCTION ON THE CURRENT KMAP FEE SCHEDULE, BUT A REDUCTION ON THE FINAL PAYMENT AMOUNT. PER STATE MANDATE, THE BENEFICIARY CANNOT BE BILLED FOR THE REDUCED AMOUNT.									
9918	CO	45		PRICING ADJUSTMENT - MAX FEE PRICING APPLIED									

Detail 1

10/1/2009, S9482

Step 1

EOB 9918: Posts when the billed amount is reduced to correspond with the Medicaid allowed amount

The Medicaid allowed amount equals **10.00**.

75.00 minus **10.00** equals **65.00** (cutback/denied amount field).

Step 2

EOB 8410: Posts due to the final payment amount being reduced for the budget shortfall reduction

The reduction amount goes in the cutback/denied amount field total.

The Medicaid allowed amount times 10 percent equals the reduction amount.

10.00 times **.10** equals **1.00** (reduction amount, reflected in the cutback/denied amt field).

The Medicaid allowed amount times 90 percent equals the paid amount.

10.00 times **.90** equals **9.00** (final payment amount per detail).

Cutback/denied amount field per detail:

65.00 Cutback for Medicaid allowance

1.00 10 percent reduction amount

66.00 Cutback/denied amount total per detail line

Long Term Care Claim

PATIENT NAME PATIENT ACCT		BENEFICIARY ID ICN		CARRIER # SPENDDOWN AMOUNT	TPL PAYMENT +	PATIENT LIABILITY	=	TOTAL COMBINED PATIENT RESP	KMAP EXPLANATION OF BENEFITS CODES		
START DATE	END DATE	REV CODE	DAYS	BILLED AMOUNT	ALLOWED AMOUNT	CUTBACK/ DENIED AMT	CERTIFIED MATCH	PAYMENT AMOUNT			
DOE, JOHN CO11111		0000000000	200900000000	0.00	0.00	+ 100.00	=	100.00			
11/01/2009	11/04/2009	101	4	3000.00	2341.00	983.10	0.00	2016.90	8410 9004 9998		
****CLAIM TOTAL				3000.00	2341.00	983.10	0.00	2016.90			
KMAP EOB CODE DESCRIPTIONS				REMITTANCE ADVICE AS OF 12/09/2009				PAGE 2			
KMAP EOB CODE	HIPAA ADJ GROUP CODE	HIPAA ADJ REASON CODE	HIPAA REMARK CODE	KMAP EXPLANATION OF BENEFITS DESCRIPTION							
8410	CO	131		PAYMENT AMOUNT ADJUSTED TO REFLECT THE TEN (10) PERCENT BUDGET SHORTFALL REDUCTION. THIS IS NOT A REDUCTION ON THE CURRENT KMAP FEE SCHEDULE, BUT A REDUCTION ON THE FINAL PAYMENT AMOUNT. PER STATE MANDATE, THE BENEFICIARY CANNOT BE BILLED FOR THE REDUCED AMOUNT.							
9004	PR	142		PATIENT LIABILITY DEDUCTED FROM THE PAID AMOUNT.							
9998	CO	B5		CLAIM WAS PRICED IN ACCORDANCE WITH CURRENT KANSAS HEALTH COVERAGE PROGRAM POLICIES.							

Detail 1

11/1/2009 to 11/4/2009, 101

Step 1

EOB 9998: Posts when the billed amount is reduced to correspond with the Medicaid allowed amount

The Medicaid allowed amount equals **2341.00**.

3000.00 minus **2341.00** equals **659.00** (cutback/denied amount field).

Step 2

EOB 9004: Posts when the allowed amount is reduced by the patient liability

The patient liability also goes in the cutback/denied amount field.

2341.00 minus **100.00** equals **2241.00**.

Step 3

EOB 8410: Posts due to the final payment amount being reduced for the budget shortfall reduction

The reduction amount goes in the cutback/denied amount field total.

The Medicaid allowed amount times 10 percent equals the reduction amount.

2241.00 times **.10** equals **224.10** (reduction amount, reflected in the cutback/denied amt field).

The Medicaid allowed amount times 90 percent equals the paid amount.

2241.00 times **.90** equals **2016.90** (final payment amount per detail).

Cutback/denied amount field for detail 1:

659.00 Cutback for Medicaid allowance

100.00 Patient responsibility

224.10 10 percent reduction amount

983.10 Cutback/denied amount total for detail line 1

Inpatient Claim

PATIENT NAME PATIENT ACCT		BENEFICIARY ID ICN MEDICAL RECORD #			CARRIER # SPENDDOWN AMOUNT	TPL PAYMENT +COPAY	+PATIENT LIABILITY	=TOTAL COMBINED PATIENT RESP	KMAP EXPLANATION OF BENEFITS CODES		
START DATE	END DATE	DRG/VIS	DRG WEIGHT	DAYS	BILLED AMOUNT	ALLOWED AMOUNT	CUTBACK/ DENIED AMT	CERTIFIED MATCH	PAYMENT AMOUNT	KMAP EXPLANATION OF BENEFITS CODES	
DOE, JOHN		00000000000	2009000000000		0.00	250.00 + 0.00	+ 0.00	=	0.00		
11/01/2009	11/05/2009	639/27	0.8566	4	2750.00	2500.00	500.00	0.00	2250.00	8410 9907	
****CLAIM TOTAL					2750.00	2500.00	500.00	0.00	2250.00		
KMAP EOB CODE DESCRIPTIONS					REMITTANCE ADVICE AS OF 12/09/2009					PAGE	2
KMAP EOB CODE	HIPAA ADJ GROUP CODE	HIPAA ADJ REASON CODE	HIPAA REMARK CODE	KMAP EXPLANATION OF BENEFITS DESCRIPTION							
8410	CO	131		PAYMENT AMOUNT ADJUSTED TO REFLECT THE TEN (10) PERCENT BUDGET SHORTFALL REDUCTION. THIS IS NOT A REDUCTION ON THE CURRENT KMAP FEE SCHEDULE, BUT A REDUCTION ON THE FINAL PAYMENT AMOUNT. PER STATE MANDATE, THE BENEFICIARY CANNOT BE BILLED FOR THE REDUCED AMOUNT.							
9907	CO	23	N45	TPL AMOUNT APPLIED							

Detail 1

11/1/2009 – 11/5/2009, DRG 639

Note: The billed charges are less than the DRG allowance. The calculations are performed off of the lesser which is the billed amount.

Step 1

EOB 9907: Posts when a TPL amount is applied

The TPL amount equals **250.00**.

2750.00 minus **250.00** equals **2500.00**. (The TPL amount, **250.00**, is in the header and in the cutback/denied amount field.)

Step 2

EOB 8410: Posts due to the final payment amount being reduced for the budget shortfall reduction

The reduction amount goes in the cutback/denied amount field total.

The Medicaid allowed amount times 10 percent equals the reduction amount.

2500.00 times **.10** equals **250.00** (reduction amount, reflected in the cutback/denied amt field).

The Medicaid allowed amount times 90 percent equals the paid amount.

2500.00 times **.90** equals **2250.00** (final payment amount).

Cutback/denied amount field per detail:

250.00 Cutback for TPL payment

250.00 10 percent reduction amount

500.00 Cutback/denied amount total per detail line

Information about the KHPA Medical Plans as well as provider manuals and other publications are available at <https://www.kmap-state-ks.us>.

If you have any questions, please contact Customer Service at 1-800-933-6593 (in-state providers) or 785-274-5990 between 7:30 a.m. and 5:30 p.m., Monday through Friday.