

**Western Highlands Network
Communication Bulletin #31
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**Medicaid authorization process during
transition to state-wide vendor**

The Secretary of the Department of Health and Human Services has determined that all Medicaid services will be authorized through the statewide vendor, Value Options. Western Highlands has received a number of questions from our provider network about how this transition from LME-authorized Medicaid services to Value Options authorized services will work. The short answer is that DMA has not provided guidance yet for what this transition will look like.

Frequently asked questions from providers:

Question #1: Do we need to get authorizations from the LME for Medicaid services now that Value Options has been selected as the statewide vendor for Medicaid UR?

Answer: The new enhanced service definitions (<http://www.dhhs.state.nc.us/mhddsas/servicedefinitions/servicedefinitions2-22-06update.pdf>) require that the PCP be authorized, and a service authorization is in place prior to the service being delivered. It is incumbent upon the provider to ensure compliance with the service definitions. It is currently unclear on what date Value Options will be ready to process/provide Medicaid authorizations for enhanced benefit services. Therefore, to ensure that there is no break in service authorization, Western Highlands recommends continuing to seek authorization through the LME until DMA communicates clearly when Value Options will be ready.

Question #2: When do we start requesting Medicaid authorizations from Value Options?

Answer: The only published information we are aware of from DMA/DMH is the memorandum dated 2/21/2006 entitled "Enhanced Services Implementation Update #4", that states "At this time, we project that the implementation date for the new Medicaid utilization review/authorization process will be 6/1/2006...Until these changes are implemented, service authorization will continue to be performed by each Local Management Entity..." If this projected date changes, we will inform providers.

Question #3: When does our agency need to start billing directly for enhanced benefit services?

Answer: According to DMA/DMH memorandum dated 1/19/2006 entitled "Enhanced Services Implementation", "Once providers are enrolled, they will directly bill Medicaid for all authorized Medicaid covered services they deliver to Medicaid eligible consumers." In addition, claims for enhanced benefit services for dates-of-service that fall after the close of each phase of endorsement must be direct billed. (For example, Community Support, a Phase I service, must be direct billed for services provided after 5/31/2006.)

Question #4: Can you confirm that Western Highlands has transferred Medicaid authorizations to Value Options and EDS so that our claims will successfully adjudicate when we direct bill?

Answer: DMA has not provided a method (nor indicated that they will provide a method) for LMEs to "hand off" existing authorizations to Value Options or EDS. Western Highlands recommends that providers retain all LME-issued authorizations in order to provide documentation that the service was duly authorized.

Western Highlands recommendation to providers:

Because the enhanced service definitions require authorization, and it is unclear when Value Options will be ready to fully perform the authorization function, Western Highlands recommends that providers continue to seek authorization of Medicaid services through Western Highlands until further notice.

Note: The above mentioned DMA/DMH memorandums can be found on the DHHS website:

<http://www.dhhs.state.nc.us/mhddsas/servicedefinitions/updates/servimupdates.htm>