

Potential Impact of CMS Rule 6028 on School Districts and State Medicaid Agencies

January 25, 2012

Medicaid billing changes required by the Centers for Medicare and Medicaid Services (CMS) in CMS Rule 6028 (42 CFR 455 subpart E) threaten major revenue disruptions and administrative burdens for some school districts. Under the rule's new provider screening requirements, each state Medicaid agency must require all ordering or referring physicians and other professionals to be enrolled as a participating Medicaid provider and to obtain a National Provider Identifier (NPI). The NPI must be included on all claims submitted for Medicaid reimbursement. In its December 23, 2011 Informational Bulletin to State Medicaid agencies, CMS stated that claims submitted without this information must be denied or pended. CMS requires each state to submit a state plan amendment (SPA) by April 1, 2012 providing assurances that the state will comply with the new provider screening requirements.

Currently, each school district that participates in Medicaid billing for school-based health services is enrolled in the Medicaid program and has an NPI that must be included on each claim for Medicaid reimbursement, consistent with the CMS Rule 6028 provider screening requirements. However, strictly interpreted, the rule also applies with regard to school-based clinicians who order/prescribe or refer students for Medicaid covered school-based health services. It is imperative that school districts and state Medicaid agencies coordinate to avoid the untoward consequences and administrative burdens that would ensue from these requirements. Specifically,

- school-based physical therapists (PT), occupational therapists (OT), and mental health professionals who order/prescribe therapy services for students must be enrolled in Medicaid and have an NPI;

- school-based speech-language pathologists (SLP) and audiologists who refer students for SLP or audiology services must enroll in Medicaid and obtain an NPI;
- school personnel who prescribe personal care assistant services for students must be enrolled in Medicaid and have an NPI; and
- community physicians and other professionals who order/prescribe or refer students for school-based services must be enrolled in Medicaid and have an NPI.

The school districts' Medicaid claims will be denied or pended if the ordering or referring clinicians do not have NPIs and/or do not enroll in Medicaid. Further, the school district's Medicaid claims will be denied or pended if the community physician who prescribed or referred a student for services does not have an NPI and/or is not enrolled in Medicaid. Denying and pending Medicaid claims may have a significant impact on the Medicaid fee-for-services cost settlement process in some states.

The actual implementation of CMS Rule 6028 will likely vary by state, and school districts/and or states must address a number of issues, including

- establishing an administrative process for compliance;
- requiring potentially large numbers of school-based providers to enroll in Medicaid when enrollment is not currently an employment requirement;
- requiring clinicians who do not bill Medicaid to obtain an NPI and include the NPI on claims in addition to the school district's NPI;
- obtaining the NPI of ordering or referring community physicians and including the NPI on Medicaid claims in addition to the school district's NPI; and

- determining whether ordering or referring community physicians are enrolled in Medicaid.

In the February 2, 2011 Preamble to the final version of CMS Rule 6028, CMS acknowledged that the rule will be burdensome to states with regard to school districts because school-based clinicians are not required to obtain NPI numbers and are generally not enrolled in Medicaid. CMS indicated in the Preamble that, as a way to minimize the administrative burden of enrolling additional providers, state Medicaid agencies may implement a streamlined enrollment process for ordering or referring clinicians who do not directly bill Medicaid for services, or state Medicaid agencies may delegate to school districts the responsibility to screen its school-based clinicians and to assign unique provider identification numbers for claims identification. Further, in its December 23rd Informational Bulletin, CMS stated that for purposes of the screening requirements of the rule "only those physicians and other professionals recognized by the State Medicaid agency as providers are required to enroll in the State Medicaid program." School districts are recognized as Medicaid providers in states that allow school-based Medicaid billing. School districts hire or contract with clinical professionals (school-based clinicians) to provide health services to students on behalf of the school district; the school-based clinicians are not recognized as Medicaid providers and do not bill Medicaid for the school-based health services they provide. The school districts bill Medicaid for the services provided and are directly accountable for compliance with Medicaid billing rules and the performance of their respective school-based clinicians.

In response to CMS' expressed intent to allow states flexibility with regard to screening school-based clinicians, state Medicaid agencies should be encouraged to delegate the screening responsibility under CMS Rule 6028 to the school districts. Consistent with current procedures at many school districts, each school district would assign a unique identification number to each of its clinicians to be used for claims identification in lieu of an NPI. Each school district would also perform criminal background checks on its clinicians, as appropriate, and verify each clinician's license and clinical qualifications for Medicaid billing purposes. The school district's NPI would be on each claim and the school district would remain directly accountable for bills to and payment from Medicaid for services rendered to students by school-based clinicians. The school district would be responsible for identifying the school-based clinicians who ordered/prescribed or referred students for services billed to and paid by Medicaid. This process would not detract from the intent of CMS Rule 6028 to improve the integrity of the Medicaid program.

For further information, please contact your local Public Consulting Group representative or:

Patsy Crawford,
Director of Legal Services
PCG Education
Phone: (312) 425-0550
Email: pcrawford@pcgus.com

*Note: This document is not intended as legal advice and is for informational purposes only.