



STATE OF MARYLAND

DHMHOffice of Health Services
Medical Care Programs

Maryland Department of Health and Mental Hygiene
 201 W. Preston Street • Baltimore, Maryland 21201
 Parris N. Glendening, Governor - Georges C. Benjamin, M.D., Secretary

MARYLAND MEDICAL ASSISTANCE PROGRAM
Managed Care Organization Transmittal No. 32

August 1, 2002

Managed Care Organizations

FROM: Susan Tucker, Executive Director
 Office of Health Services

NOTE: Please ensure that the appropriate staff members in your organization are informed of the contents of this transmittal.

Emergency and Proposed Amendments to HealthChoice Regulations

ACTION:
 Emergency Regulations
 Proposed Regulations

EFFECTIVE DATE:
 July 1, 2002

WRITTEN COMMENTS TO:
 Michele Phinney
 201 W. Preston St., Rm. 538
 Baltimore, MD 21201
 Fax (410) 767-6483 or call
 (410) 767-6499 or
 1-877-4MD-DHMH extension 6483

PROGRAM CONTACT:
 James Gardner, Chief
 Division of HealthChoice Management and
 Quality Assurance
 (410) 767-1482 or call
 1-877-4MD-DHMH extension 1482

COMMENT PERIOD EXPIRES:

The Maryland Medical Assistance Program is promulgating emergency and proposed amendments to Regulations .01 under COMAR 10.09.62, Maryland Medicaid Managed Care Program: Definitions; Regulations .02 and .06 under COMAR 10.09.63 Maryland Medicaid Managed Care Program: Eligibility and Enrollment; Regulations .01 .02, .05, and .15, .19, .19-3 under COMAR 10.09.65 Maryland Medicaid Managed Care

Program: Managed Care Organizations; Regulations .03 and .06 under COMAR 10.09.66 Maryland Medicaid Managed Care Program: Access; and Regulation .11 under COMAR 10.09.67 Maryland Medicaid Managed Care Program: Benefits. These amendments will be effective July 1, 2002 and will:

1. Change agency name Health Care Financing Administration (HCFA) to Centers for Medicare and Medicaid (CMS) and add the definition for CMS;
2. Change the requirement that the Department provide names and addresses of providers to waiver - eligible individuals at enrollment and instead to provide only upon enrollee's request;
3. Change the disenrollment date of incarcerated enrollees;
4. Change Managed Care Organization regulations to include language from SB 686- Health Insurance Benefit Cards, Prescription Benefit Cards, or other Technology. And add the Health Care Identification Card, Pharmacy ID Card Implementation Guide as Incorporation by Reference;
5. Remove language regarding payment to Children Medical Services (CMS) for wrap around services;
6. Add new language regarding auditing MCO related organizations;
7. Change HealthChoice Financial Monitoring (HFMR) regulations;
8. Establish new MCO rates to include, physician fees increase and HSCRC mid year adjustments, and amend MCO Statewide Supplemental Payment regulations;
9. Remove EPSDT screening language relevant to HealthChoice implementation period; and
10. Add the new Worcester County's zip code to the regulations.

A copy of these amendments as published in the July 26,2002 Maryland Register is attached to this transmittal.

Attachment

For information concerning Emergency Action on Regulations, see inside front cover.

Symbol Key

Roman type indicates text existing before emergency status was granted. *Italic type* indicates new text. [Single brackets] indicate deleted text.

Emergency Regulations

Under State Government Article, §10-111(b), Annotated Code of Maryland, an agency may petition the Joint Standing Committee on Administrative, Executive, and Legislative Review (AELR), asking that the usual procedures for adopting regulations be set aside because emergency conditions exist. If the Committee approves the request, the regulations are given emergency status. Emergency status means that the regulations become effective immediately, or at a later time specified by the Committee. After the Committee has granted emergency status, the regulations are published in the next available issue of the Maryland Register. The approval of emergency status may be subject to one or more conditions, including a time limit. During the time the emergency status is in effect, the agency may adopt the regulations through the usual promulgation process. If the agency chooses not to adopt the regulations, the emergency status expires when the time limit on the emergency regulations ends. When emergency status expires, the text of the regulations reverts to its original language.

Title 10 DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Subtitle 09 MEDICAL CARE PROGRAMS

Notice of Emergency Action

[02-237-E-1]

The Joint Committee on Administrative, Executive, and Legislative Review has granted emergency status to amendments to Regulation .01 under COMAR 10.09.62 Maryland Medicaid Managed Care Program: Definitions; Regulations .02 and .06 under COMAR 10.09.63 Maryland Medicaid Managed Care Program: Eligibility and Enrollment; Regulations .01, .02, .05, .15, .19, and .19-3 under COMAR 10.09.65 Maryland Medicaid Managed Care Program: Managed Care Organizations; Regulations .03 and .06 under COMAR 10.09.66 Maryland Medicaid Managed Care Program: Access; and Regulation .11 under COMAR 10.09.67 Maryland Medicaid Managed Care Program: Benefits.

Emergency status began: July 1, 2002.

Emergency status expires: December 31, 2002.

Editor's Note: The text of this document will not be printed here because it appears as a Notice of Proposed Action on pages 1147 — 1150 of this issue referenced as [02-237-P-1].

GEORGES C. BENJAMIN, M.D.
Secretary of Health and Mental Hygiene

Subtitle 22 DEVELOPMENTAL DISABILITIES 10.22.17 Fee Payment System for Licensed Residential and Day Programs

Authority: Health-General Article, §§2-104(b), 7-306.1, 7-910(c),
15-105, 15-107, and 16-201,
Annotated Code of Maryland

Notice of Emergency Action

[02-234-E]

The Joint Committee on Administrative, Executive, and Legislative Review has granted emergency status to amendments to Regulations .03 and .05 — .08 under COMAR 10.22.17 Fee Payment System for Licensed Residential and Day Programs.

Emergency status began: July 1, 2002.

Emergency status expires: December 27, 2002.

Editor's Note: The text of this document will not be printed here because it appears as a Notice of Proposed Action on pages 1151 — 1153 of this issue referenced as [02-234-P1].

GEORGES C. BENJAMIN, M.D.
Secretary of Health and Mental Hygiene

Subtitle 22 DEVELOPMENTAL DISABILITIES 10.22.18 Community Supported Living Ar- rangements Payment System

Authority: Health-General Article, §§2-104(b), 7-306.1, 7-714,
7-910(c), 15-105, 15-107, and 16-201,
Annotated Code of Maryland

Notice of Emergency Action

[02-233-E]

The Joint Committee on Administrative, Executive, and Legislative Review has granted emergency status to amendments to Regulations .03 and .04 under COMAR 10.22.18

Title 10 DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Subtitle 09 MEDICAL CARE PROGRAMS

Notice of Proposed Action

[02-237-P-1]

The Secretary of Health and Mental Hygiene proposes to amend Regulation .01 under COMAR 10.09.62 Maryland Medicaid Managed Care Program: Definitions; Regulations .02 and .06 under COMAR 10.09.63 Maryland Medicaid Managed Care Program: Eligibility and Enrollment; Regulations .01, .02, .05, .15, .19, and .19-3 under COMAR 10.09.65 Maryland Medicaid Managed Care Program: Managed Care Organizations; Regulations .03 and .06 under COMAR 10.09.66 Maryland Medicaid Managed Care Program: Access; and Regulation .11 under COMAR 10.09.67 Maryland Medicaid Managed Care Program: Benefits.

Statement of Purpose

The purposes of this action are to amend the agency name Health Care Financing Administration (HCFA) to Centers for Medicare and Medicaid Services (CMS) and add the definition for CMS; amend the requirement that the Department provide names and addresses of providers to waiver-eligible individuals at enrollment and instead to provide only upon enrollee's request; amend the disenrollment date of incarcerated enrollees; amend managed care organization regulations to include language from Ch. 416, Acts of 2001, Health Insurance Benefit Cards, Prescription Benefit Cards, or other Technology (SB686) and to add the Health Care Identification Card, Pharmacy ID Card Implementation Guide by incorporation by reference; remove language regarding payment to Children Medical Services (CMS) for wrap-around services; add new language regarding auditing MCO related organizations; amend HealthChoice Financial Monitoring (HFMR) regulations; establish new MCO rates to include, physician fees increase, mid-year HSCRC adjustment, and amend MCO Statewide Supplemental Payment regulations; remove EPSDT screening language relevant to HealthChoice implementation period; and add Worcester County's new zip code to the regulations.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed regulation.

Estimate of Economic Impact

I. Summary of Economic Impact. The rate changes will have a negative economic impact on the Department and positive impact on the MCOs and their subcontracted providers. The other amendments will have a negligible positive impact on the Department.

II. Types of Economic Impacts.	Revenue (R+/R-) Expenditure (E+/E-)	Magnitude
A. On issuing agency:	(E+)	\$31,000,000
B. On other State agencies:	NONE	
C. On local governments:	NONE	

	Benefit (+) Cost (-)	Magnitude
D. On regulated industries or trade groups: Managed Care Organizations	(+)	\$31,000,000
E. On other industries or trade groups: MCO subcontracted providers	(+)	Unknown
F. Direct and indirect effects on public:	NONE	

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

A. The Department's projected January — June 2003 expenditure will increase by 5.1 percent on an MCO base of approximately \$600,000,000 due to the increase in rates paid to the MCOs. The impact of this increase on the MCO subcontracted providers is unknown.

There will also be a positive impact on the Department due to providing provider directories only upon enrollee's request rather than to all new enrollees, and identifying and disenrolling incarcerated enrollees from their MCOs.

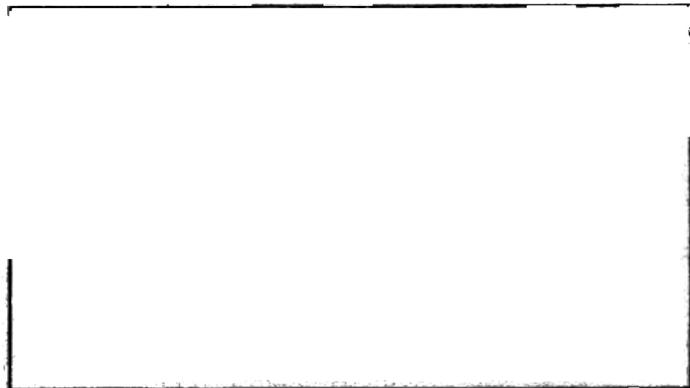
D. and E. There will be a positive impact on the MCOs and their subcontracted providers due to the MCO rate increase.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Opportunity for Public Comment

Comments may be sent to Michele Phinney, Regulations Coordinator, Department of Health and Mental Hygiene, Room 521, 201 West Preston Street, Baltimore, Maryland 21201, or fax to (410) 333-7687, or email to regs@dhhm.state.md.us, or call (410) 767-6499, or 1-877-4MD-DHMH, extension 6499. These comments must be received by August 26, 2002.



10.09.62 Maryland Medicaid Managed Care Program: Definitions

Authority: Health-General Article, §15-101,
Annotated Code of Maryland

.01 Definitions

- A. (text unchanged)
- B. Terms Defined.
 - (1) — (34) (text unchanged)
 - (34-1) "CMS" means Centers for Medicare and Medicaid Services.
 - (35) — (70) (text unchanged)
 - [(71) "HCFA" means the Health Care Financing Administration.]

10.09.63 Maryland Medicaid Managed Care Program: Eligibility and Enrollment

Authority: Health-General Article, Annotated Code of Maryland

Table with 2 columns: Regulations and Sections. Rows include .02 (15-103(b)(16)) and .06 (15-103(b)(3), (23)).

.02 Enrollment.

A. The Department shall provide to waiver-eligible individuals:

(1) Materials regarding each MCO providing services in the eligible individual's county of residence including, but not limited to, for each MCO:

- (a) The names and addresses of all participating providers, upon enrollee's request;
(b) - (c) (text unchanged)
(2) - (3) (text unchanged)
B. - L. (text unchanged)

.06 Disenrollment.

A. - E. (text unchanged)
F. Effective Date of Disenrollment.

- (1) (text unchanged)
(2) An enrollee's disenrollment shall take effect:
(a) - (c) (text unchanged)
(d) [For incarceration, on the date that the enrollee's Medicaid eligibility is terminated.] From the first day of the month following the month in which the Department verifies an enrollee is an inmate.
(3) - (6) (text unchanged)

10.09.65 Maryland Medicaid Managed Care Program: Managed Care Organizations

Authority: Health-General Article, Annotated Code of Maryland

Table with 2 columns: Regulations and Sections. Rows include .01 (\$2-104), .02 (\$15-102.4(a)(i)), .05, .11 (\$15-103(b)(10)), .15 (\$15-103(b)(9)(ii) and (xiii)), and .19 - .19.3 (\$15-103(b)(18)).

.01 Incorporation by Reference.

- A. (text unchanged)
B. Documents Incorporated.
(1) - (3) (text unchanged)
(4) Health Care Identification Card, Pharmacy ID Card, Implementation Guide, (National Council for Prescription Drug Programs, Version 1.6 - May 2002).

.02 Conditions for Participation.

- A. - F. (text unchanged)
G. Health Care Delivery. An MCO shall:
(1) - (2) (text unchanged)
(3) Provide each enrollee within 10 days of notification to the MCO of the enrollee's enrollment with a distinctive, durable, plastic identification card, clearly indicating the bearer to be a member of the MCO and containing, at a minimum:
(a) - (b) (text unchanged)
(c) The Department's enrollee hotline telephone number; [and]
(4) Provide enrollees written notice when there is a significant change in the nature or location of services provided[.]; and

(5) Provide on the card required in §G(3) of this regulation, on a separate prescription benefit card, or other technology, prescription billing information that:

- (a) Complies with the standards set forth in the National Council for Prescription Drug Programs pharmacy ID card prescription benefit card implementation guide at the time of issuance of the card or other technology; or
(b) Includes, at a minimum, the following data elements:

- (i) The name or identifying trademark of the MCO;
(ii) The name and identification number of the recipient;
(iii) The telephone number that providers may call for pharmacy benefit assistance; and
(iv) All electronic transaction routing information and other numbers required by the MCO or its benefit administrator to process a prescription claim electronically.
H. - W. (text unchanged)
X. The records available for inspection, evaluation, or audit under §§N and O of this regulation shall also include the books, records, files, accounts or other documents of any related organization that provides supplies or services to the MCO.

.05 Special Needs Populations - Children with Special Health Care Needs.

- A. - J. (text unchanged)
[K. The Department shall continue the current system of payment from Children's Medical Services (CMS) for wrap-around services, including disease management services, for Medicaid recipients at least until January 1, 1999, and until a 90-day notice of the implementation of the CMS redesign initiative has been released.]
[L.] K. (text unchanged)

.15 Data Collection and Reporting.

- A. - C. (text unchanged)
D. Quarterly Reports.
(1) An MCO shall submit to the Department:
(a) Within 30 calendar days of the close of each calendar quarter, quality assurance reports including, but not limited to:
(i) - (ii) (text unchanged)
(iii) Resolutions of all complaints and grievances; and
(b) Within 30 calendar days of the close of each calendar quarter, third-party liability collection activities as described in Regulation .18D of this chapter; and]
(c) HealthChoice Financial Monitoring Reports (HFMRs), and any supplemental schedules required by the Department in the format required by the Department according to the following schedule:
(i) The first quarter report is due on May 15,
(ii) The second quarter report is due on August 15,
(iii) The third quarter report is due on November 15, and
(iv) The year-to-date fourth quarter (annual) report is due on March 1 of the calendar year following the calendar year that is the subject of the annual report.]
E. Annual Reports. Except as provided in §E(5) of this regulation, an MCO shall submit to the Department annually, within 90 days after the end of the calendar year:
(1) - (4) (text unchanged)
(5) [On or before March 1 of the calendar year following the year that is the subject of the annual report, the year-to-date fourth quarter (annual) HealthChoice Financial Monitoring Report (HFMR), as specified in §D(1)(c) of this regu-

lation.] *HealthChoice Financial Monitoring Reports (HFMRs) and any supplemental schedules required by the Department in the format required by the Department according to the following schedule:*

(a) *Services incurred January 1 — March 31 of the current year, reported through June 30 of the current year — due on August 15 of the current year;*

(b) *Services incurred January 1 — December 31 of the prior year, reported through March 31 of the current year — due on May 15 of the current year; and*

(c) *Services incurred January 1 — December 31 of the prior year, reported through September 30 of the current year — due on November 15 of the current year.*

F. — L. (text unchanged)

19 MCO Reimbursement.

A. (text unchanged)

B. **Capitation Rate-Setting Methodology.**

(1) — (3) (text unchanged)

(4) **The Department shall make capitation payments monthly at the rates specified in the following tables:**

(a) — (b) (proposed for repeal)

(a) *Rate Table for Families and Children.*

Effective July 1, 2002 — December 31, 2002.

Demographic Cells	Age	Gender	PMPM Baltimore City	PMPM Rest of State	
	Under Age 1	Both	\$242.34	\$196.27	
	1-5	Male	\$121.80	\$99.07	
		Female	\$97.23	\$79.40	
	6-14	Male	\$99.69	\$79.52	
		Female	\$81.52	\$65.18	
	15-20	Male	\$186.67	\$148.03	
		Female	\$184.10	\$146.83	
	21-44	Male	\$264.78	\$210.64	
		Female	\$239.80	\$191.55	
	45-64	Male	\$580.87	\$462.07	
		Female	\$356.50	\$284.25	
	ACG-adjusted cells	RAC1	Both	\$69.91	\$68.57
	ACG 100, 200, 300, 500, 600, 1100, 1600, 2000, 2400, 3400, 5110, 5200	RAC2	Both	\$99.09	\$97.21
	ACG 400, 700, 900, 1000, 1200, 1300, 1710, 1800, 1900, 2100, 2200, 2300, 2800, 2900, 3000, 3100, 5310				
ACG 1720, 1730, 2500, 3200, 3300, 3500, 3800, 4210, 5320, 5339	RAC3	Both	\$129.72	\$127.82	
ACG 800, 1740, 1750, 2700, 3600, 3700, 3900, 4000, 4100, 4220, 4310, 4410, 4510, 4610, 4710, 4720, 4810, 5340	RAC4	Both	\$195.54	\$191.57	
ACG 1400, 1500, 1760, 1770, 2600, 4320, 4520, 4620, 4820	RAC5	Both	\$263.33	\$257.73	
ACG 4330, 4420, 4830, 4910, 4920, 5010, 5020, 5040	RAC6	Both	\$367.21	\$357.16	
ACG 4430, 4730, 4930, 5030, 5050	RAC7	Both	\$683.05	\$663.82	
ACG 4940, 5060	RAC8	Both	\$719.44	\$699.63	
ACG 5070	RAC9	Both	\$948.40	\$925.08	
SOBRA Mothers			\$394.46	\$315.29	
Newborns / Delivery			\$10,660.00	\$8,407.22	
Persons with HIV	All	Both	\$742.00	\$742.00	

(b) *Rate Table for Disabled Individuals. Effective July 1, 2002 — December 31, 2002*

Demographic Cells	Age	Gender	PMPM Baltimore City	PMPM Rest of State	
	Under Age 1	Both	\$1,904.88	\$1,904.88	
	1-5	Male	\$620.24	\$620.24	
		Female	\$698.56	\$698.56	
	6-14	Male	\$332.17	\$332.17	
		Female	\$395.37	\$395.37	
		Male	\$281.08	\$281.08	
		Female	\$311.45	\$311.45	
	21-44	Male	\$698.41	\$554.69	
		Female	\$723.08	\$575.39	
	45-64	Male	\$895.44	\$711.69	
		Female	\$796.11	\$634.09	
	ACG-adjusted cells	RAC10	Both	\$146.31	\$142.35
	ACG 100, 200, 300, 1100, 1300, 1400, 1500, 1600, 1710, 1720, 1730, 1900, 2400, 2600, 2900, 3400, 5110, 5200, 5310				

Demographic Cells

ACG 400, 500, 700, 900, 1000, 1200, 1740, 1750, 1800, 2000, 2100, 2200, 2300, 2500, 2700, 2800, 3000, 3100, 3200, 3300, 3500, 3900, 4000, 4310, 5330
 ACG 600, 1760, 3600, 3700, 4100, 4320, 4410, 4710, 4810, 4820
 ACG 3800, 4210, 4220, 4330, 4420, 4720, 4920, 5320
 ACG 800, 4430, 4510, 4610, 5040, 5340
 ACG 1770, 4520, 4620, 4830, 4920, 5050
 ACG 4730, 4930, 5010
 ACG 4940, 5020, 5060
 ACG 5030, 5070
 Persons with AIDS
 Persons with HIV

Age	Gender	PMPM Baltimore City	PMPM Rest of State
RAC11	Both	\$283.99	\$276.45
RAC12	Both	\$486.55	\$473.61
RAC13	Both	\$571.46	\$557.37
RAC14	Both	\$744.85	\$721.67
RAC15	Both	\$840.09	\$814.75
RAC16	Both	\$980.04	\$951.32
RAC17	Both	\$1,406.57	\$1,362.22
RAC18	Both	\$2,014.73	\$1,952.55
All	Both	\$2,809.01	\$2,603.47
All	Both	\$1,659.38	\$1,659.38

(c) — (e) (text unchanged)

C. — D. (text unchanged)

.19-3 MCO Statewide Supplemental Payment.

A. On the payment dates specified in §B of this regulation, the Department shall make a Statewide supplemental payment to any MCO that has [a membership] *been approved for participation and has decided to operate without restricted enrollment* in each of at least 20 of the 24 State jurisdictions[, and meets the following conditions:

- (1) As of April 1, 2002, has been approved for participation in each of at least 20 of 24 State jurisdictions; and
- (2) The MCO has decided to operate without restricted enrollment in at least 20 State jurisdictions].

B. MCOs are eligible to receive a supplemental payment or payments if the following conditions are met:

(1) June 2002 payment:

- (a) The MCO's Provider Agreement is current; and
- (b) [The MCO has committed to remaining in the Program through June 30, 2002;] *The qualifications in §A of this regulation were met as of April 1, 2002 and continue to be met through June 30, 2002;*

(2) September 2002 payments:

- (a) *The MCO's Provider Agreement is current; and*
- (b) *The qualifications in §A of this regulation were met as of July 1, 2002, and continue to be met through September 30, 2002, and*

[(2)] (3) December 2002 payment[,]:

- (a) The MCO's Provider Agreement is current; and
- (b) [The MCO has committed to remaining in the Program through December 31, 2002.] *The qualifications in §A of this regulation were met as of October 1, 2002 and continue to be met through December 31, 2002.*

C. (text unchanged)

D. *The September 2002 payment to a qualifying MCO will equal the total number of that MCO's enrollees paid for in August 2002 prospectively for that MCO's September 2002 enrollment, multiplied by \$6.13 per enrollee.*

[D.] E. The December 2002 payment to a qualifying MCO will equal the total number of that MCO's enrollees paid for in November 2002 prospectively for that MCO's December 2002 enrollment, multiplied by [~~\$12.26~~] \$6.13 per enrollee.

10.09.66 Maryland Medicaid Managed Care Program: Access

Authority: Health-General Article,
Annotated Code of Maryland

Regulations	Sections
.03.....	15-103(b)
.06.....	15-103(b)(9)(viii)

.03 Access Standards: Outreach.

A. — C. (text unchanged)

D. Child Younger than 2 Years Old Needing EPSDT Screening Services.

(1) An MCO shall schedule appointments in accordance with the EPSDT periodicity schedule or within 30 days of the MCO's receipt of the health risk assessment, whichever is less[, except that, during the first 6 months following implementation of the Maryland Medicaid Managed Care Program, the 30-day time period may be extended, but may not exceed 60 days].

(2) — (6) (text unchanged)

E. — F. (text unchanged)

.06 Geographical Access.

A. — D. (text unchanged)

E. Geographical Access: Local Access Areas.

Local Access Area	Zip Codes
Allegany — Wicomico (text unchanged)	
Worcester	21311, 21813, 21829, 21841, 21842, 21843, 21851, 21862, 21863, 21864, 21872

10.09.67 Maryland Medicaid Managed Care Program: Benefits

Authority: Health-General Article,
Annotated Code of Maryland

Regulation	Section
.14.....	15-103(b)(2)(i)

.11 Benefits — Diagnostic and Laboratory Services.

An MCO shall provide to its enrollees medically necessary and appropriate:

A. (text unchanged)

B. Laboratory services, performed by a provider certified by [HCFA] CMS under the Clinical Laboratory Improvement Amendments (CLIA).

GEORGES C. BENJAMIN, M.D.
Secretary of Health Mental Hygiene