

MEDICAID OPERATIONS MANUAL
TRANSMITTAL LETTER

May 24, 2017

TO: CUSTODIANS OF MEDICAID OPERATIONS MANUAL
FROM: LYNNE FOSTER, CHIEF OF DIVISION COMPLIANCE
SUBJECT: MEDICAID OPERATIONS MANUAL CHANGES
CHAPTER 600 – KATIE BECKETT ELIGIBILITY OPTION

BACKGROUND AND EXPLANATION

A revision to Medicaid Operations Manual (MOM) Chapter 600 – Katie Beckett Eligibility Option is being proposed to add language to address a decrease in the participant’s level of care (LOC). If during a re-evaluation the participant’s LOC is decreased, the maximum allowable costs will be decreased accordingly.

Throughout the chapter, grammar, punctuation and capitalization changes were made, duplications removed, acronyms used and standardized, and language reworded for clarity. Renumbering and re-arranging of sections was necessary.

These changes are effective May 25, 2017.

MATERIAL TRANSMITTED	MATERIAL SUPERSEDED
CL 30797 MOM 600 – KATIE BECKETT ELIGIBILITY OPTION	MTL 21/12, 05/14, 18/16 MOM 600 – KATIE BECKETT ELIGIBILITY OPTION

Manual Section	Section Title	Background and Explanation of Policy Changes, Clarifications and Updates
603.7(e)	Rate Methodology and Cost Effectiveness	Language added as follows: If during a re-evaluation the participant’s LOC is decreased, the maximum allowable costs will be decreased accordingly.

DRAFT	MTL-18/16CL
DIVISION OF HEALTH CARE FINANCING AND POLICY	Section: 603
MEDICAID OPERATIONS MANUAL	Subject: POLICY

603.7 RATE METHODOLOGY AND COST EFFECTIVENESS

- a. The DHCFP Reimbursement Analysis & Payment Unit uses the average daily NF rates to determine the allowable costs for recipients who meet a NF level of care.
- b. The rates for the ICF/ID facilities are averaged. This amount is then used to determine the allowable costs for recipients who meet an ICF/ID level of care.
- c. At the end of each calendar quarter, a list of approved Katie Beckett Eligibility Option cases is generated by the DHCFP staff. The list shows the total Medicaid expenditure amount incurred for that quarter for each eligible child under the Katie Beckett Eligibility Option.

The purpose is to ensure that the costs incurred by Medicaid for each child does not exceed the projected costs of institutional care. There are services and supplies that are not included in the Facility Rate and are excluded from the child's Institutional LOC overall costs.

If the adjusted incurred amount exceeds the maximum allowable amount, the Health Care Coordinator at the appropriate DHCFP office is notified. The DHCFP Health Care Coordinator will contact the participant's parent or legal guardian and advise him/her:

- 1. of the requirement to keep costs at or below the maximum allowable amount; and
- 2. that failure to keep costs at or below the maximum allowable amount for a second consecutive quarter will result in termination of Medicaid eligibility under the Katie Beckett Eligibility Option.

If the participant's incurred costs exceed the maximum allowable amount for two consecutive quarters, he/she will be terminated from the Katie Beckett Eligibility Option and consequently from Medicaid services, effective the first day of the month following the date of determination of non-compliance with program requirements.

- d. An exception to this requirement occurs when a participant is re-evaluated by the DHCFP and determined to require a higher LOC (thereby increasing the maximum allowable amount).
- e. **If during a re-evaluation the participant's LOC is decreased, the maximum allowable costs will be decreased accordingly.**

603.8 TERMINATION FROM THE KATIE BECKETT ELIGIBILITY OPTION

Reasons to terminate a recipient from the Katie Beckett Eligibility Option: