

MEDICAID BULLETIN

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TO: All Providers

SUBJECT: Medicaid Payment for Services Provided Without Charge (Free Care)

The Centers for Medicare and Medicaid Services (CMS) recently amended policies regarding Medicaid reimbursement to Medicaid providers for the delivery of state plan-approved services that are available to Medicaid eligible beneficiaries, without charge to the beneficiary (including services that are available without charge to the community at large, or “free care”). The goal of this change is to enhance the health of communities through improved access to quality health care services. As a result, the South Carolina Department of Health and Human Services (SCDHHS) will develop and install systems-level changes to achieve compliance with this CMS guidance.

Effective Jan. 1, 2016, Medicaid providers may receive reimbursement for all Medicaid-covered services delivered to Medicaid eligible beneficiaries—known historically as “free care” services—that are available without charge to patients without Medicaid coverage. Importantly, pursuant to 1902(a)(25) of the Social Security Act and 42 Code of Federal Regulations (CFR) 433 subpart D, although reimbursement is available under these circumstances, Medicaid providers must adhere to Third Party Liability (TPL) requirements for payment of services rendered when a legally liable third party is the primary coverage entity. Additional details can be found in the TPL sections of the South Carolina Healthy Connections Medicaid Provider Manuals (<https://scdhhs.gov/provider-manual-list>).

This federally-mandated policy change is reflected in Section 1 of all South Carolina Healthy Connections Medicaid Provider Manuals under the title “Charge Limits.” The revised policy indicates:

“Except as described below for free care, providers may not charge Medicaid more for services to a beneficiary than they would customarily charge the general public. Providers should bill their usual and customary charges and not the Medicaid reimbursement rate. Retroactive adjustments can only be made up to the billed amount. Medicaid will generally pay the lower of the established Medicaid reimbursement rate or the provider’s billed amount. Medicaid reimbursement is available for covered services under the State Medicaid Plan that are provided to Medicaid beneficiaries, regardless of whether there is any charge for the service to the beneficiary or the community at large.”

To read the entire CMS publication regarding TPL and Federal Financial Participation (FFP) for Medicaid services provided without charge, visit <http://www.medicaid.gov/federal-policy-guidance/downloads/smd-medicaid-payment-for-services-provided-without-charge-free-care.pdf>.

For individuals enrolled in the State's Medicaid Managed Care Program, please contact the beneficiary's managed care organization (MCO). Individual MCO contact information can be found at <https://msp.scdhhs.gov/managedcare//resource/managed-care-health-plan-contact-information> which is located on the Managed Care Health Plan Contact Information webpage.

Please contact the Provider Service Center at 1 (888) 289-0709 for additional information.

Thank you for your continued support of the South Carolina Medicaid Program.

/s/

Christian L. Soura
Director