

NEWS RELEASE

September 2009, No. 026

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LEA Billing Option Program: **EDS Inflation and FMAP Adjustments**

By now, you have likely noticed some unexpected – and welcome – LEA Billing program approvals. Don't worry – these payments are appropriate! They result from rate increases applied retroactively to past paid claims, and are in accordance with LEA Billing Option rules.

BACKGROUND

The 2006 SPA (State Plan Amendment) authorized inflation-based increases in reimbursement rates. The Department of Health Care Services (DHCS) has now processed adjustments to implement the new rates for services performed over the last three years. Also, effective October 1, 2008 the Federal Medical Assistance Percentage (FMAP) was increased. This increase too has been applied retroactively, and will continue in force until the FMAP is next revised¹.

The adjustments were completed in several phases that included:

1. Retroactive inflation rate increases applied to services rendered FY 2006-2007
2. Retroactive inflation rate increased applied to services rendered FY 2007-2008
3. Retroactive inflation rate increased applied to services rendered FY 7/1/2008-9/30/2009
4. Retroactive inflation and increased FMAP to services rendered 10/1/2008 - current

RECOMMENDATION

Because these adjustments have brought additional reimbursements, we suggest you *work carefully* when completing your Annual Report next month. Part of the purpose of an Annual Report is to ensure your LEA does not receive more federal dollars than anticipated as the local match. If these adjustments have increased your original reimbursements for the current fiscal year, we want to ensure that you identify this when completing your Annual Report, due October 30, 2009.

No further action is presently required on your part. All adjustments are being made to previously paid claims. Although this is considered “new money” and will be reflected on Paradigm service invoices, Paradigm will sort the adjusted claims and post them appropriately to the FY they were originally paid. Therefore, the payment reports for past years we supplied you are no longer accurate. Once *all* adjustments have cleared, Paradigm will re-run reimbursement reports for FYs 0607, 0708, and 0809 and post them to InTouch™, and we'll notify you once this has been completed.

If you have questions, feel free to contact us at leasupport@paradigm-healthcare.com or by calling (415) 616-0920 ext. 1.

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¹ The FMAP increase is due to expire December 31, 2010.