



Indiana State  
Department of Health  
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Mitchell E. Daniels, Jr.  
Governor

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State Health Commissioner

May 14, 2007

**CHILDREN'S SPECIAL HEALTH CARE SERVICES  
PROVIDER BULLETIN 0004**

**SUBJECT: REVISION OF REIMBURSEMENT OF CO-PAYMENTS**

This notice is being issued to all CSHCS providers in order to explain how the CSHCS Program determines reimbursement when the provider's claim indicates a payment by other insurance. The CSHCS Program is revising the method for calculating CSHCS reimbursement for co-payments to bring our procedures into compliance with our requirement to pay medical providers using Medicaid rates. This bulletin describes the revised method for calculating CSHCS reimbursement for co-payments which might impact their claims payments.

On February 20, 2007 CSHCS Bulletin 03 was issued to Pharmacy and Supply Providers to clarify our reimbursement policy. Effective July 1, 2007, this new calculation method will be used to calculate all CSHCS payments.

The CSHCS Program is legally mandated to reimburse all providers at the Indiana Medicaid allowed rate, and this payment must be accepted by the provider as payment in full. Even when there are insurance co-payments involved, total reimbursement to the provider for a CSHCS-approved claim is limited to the Medicaid allowed rate.

In calculating the payment amount, CSHCS allows the lowest of the following:

1. Usual and Customary (U&C) Charge amount less Other Insurance Payment,
2. Program allowed amount less Other Insurance Payment, or
3. Co-pay amount

Previously, CSHCS has limited reimbursement for co-payments to \$25.00. CSHCS has eliminated this restriction for pharmacy claims processed on or after April 24, 2007 for service dates of January 1, 2006 or after. CSHCS is eliminating this co-pay limit of \$25.00 for all other claim types, for claims processed on or after July 1, 2007.

Also, previously, CSHCS erroneously did not consider the co-payment amount in the calculation of the total claim reimbursement amount, limited by the Medicaid rate.

While CSHCS will not recalculate previously paid claims, we must now apply the

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provision which limits total reimbursement to no more than the Medicaid allowed rate or the U&C charge.

By applying the methodology stated above, we may pay a larger co-payment amount (more than \$25.00) for a co-payment if the U&C or Medicaid allowed rate, less the other insurance payment, is greater than the co-pay amount being billed. Alternatively, there would be a limitation of the reimbursement for the co-payment if the billed co-payment is greater than the U&C or Medicaid allowed rate minus the other insurance payment.

Please remember, providers may not bill the family for any payment balance that exists after CSHCS has approved the claim at the Medicaid allowed rate.

If there are any questions regarding this notice, please contact the CSHCS Prior Authorization Unit at 1-800-475-1355.