

Summary of Scenarios: When the State May Claim 100% Federal Financial Participation (FFP) for IHS and 638 Services

The following summary is based on preliminary interpretation of a letter dated March 24, 2011 from the Centers for Medicare and Medicaid Services (CMS) to AHCCCS which provides guidance on services payable at 100% Federal Financial Participation (FFP) at Indian Health Service (IHS) facilities and tribal health programs under P.L. 93-638 (hereafter referred to as "638" facilities).

Criteria for when the state may claim 100% FFP:

- The service has to be described in the **State's Medicaid State Plan** or the terms of the **State's Section 1115 Demonstration Project (Waiver)**
 - Previous CMS guidance indicated that case management and non-emergency transportation was not claimable at 100% FFP. The recent letter now covers these types of services as being claimable at 100% FFP.
- The service is provided by an IHS facility or a 638 facility (so long as the service is within the scope of the P.L. 93-638 contract)
 - The service may be provided by an agent, employee, or contracted provider of the IHS or 638 facility so long as the IHS or 638 facility bills for the service and the respective agent, employee, or contracted provider does not bill AHCCCS separately.
- The service may be provided in the facility or outside of the facility (e.g. in the community, the member's home, or telehealth services from the provider's home)

Difference between the State Claiming 100% FFP and What the State Pays for Services:

There are varying levels at which the state may claim federal match, which is referred to as FFP. For covered services provided to American Indian Medicaid members by AHCCCS-registered IHS and 638 facilities the state can claim 100% FFP in the above scenarios.

What the state reimburses to IHS and 638 facilities is dependent on the Medicaid State Plan. Certain inpatient and outpatient hospital services may be paid at the appropriate All-Inclusive Rate (AIR), while other services may be paid at the AHCCCS Capped Fee Schedule or other approved rate. The reimbursement methodology defined in the Medicaid State Plan is approved by CMS.

In other words, the fact that the state can claim 100% FFP for a service does not automatically mean that the service can be paid at the inpatient or outpatient AIR. The reimbursement to IHS and 638 facilities depends on the service provided and the methodology described in the Medicaid State Plan. There is a workgroup tasked with compiling recommendations for revision of the payment methodology to IHS and 638 facilities within the Medicaid State Plan. The findings and recommendations will be presented at a future AHCCCS Consultation Meeting with Tribes and I/T/U. These recommendations will be considered for incorporation into a state plan amendment proposal to CMS.

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Sample Scenarios for when the state may claim 100% FFP –

Scenario #1:

The IHS or 638 facility (within the scope of its contract) provides a service defined within the State Plan or Waiver. The service is provided within the facility as an *inpatient* or *outpatient hospital service*.

—> The IHS or 638 bills AHCCCS directly at the appropriate AIR (which is based on the Medicaid State Plan). The state claims 100% FFP for the service.

Scenario #2:

The IHS or 638 facility (within the scope of its contract) provides a service defined within the State Plan or Waiver. The service is provided outside of the facility by an IHS or 638 employee (within the provider's purview).*

—> The IHS or 638 bills AHCCCS directly at the appropriate rate defined in the Medicaid State Plan, which may be at the AHCCCS Capped Fee Schedule. The state claims 100% FFP for the service.

*This could be a non-emergency transportation service.

NOTE: AHCCCS will clarify its current policy regarding the significance of leased space as an extension of a facility in terms of payment.

Scenario #3:

The IHS or 638 facility (within the scope of its contract) contracts with a non-IHS/638 provider to provide services that the IHS or 638 facility does not currently provide. The non-IHS/638 provider provides the covered service to the covered member outside of the IHS/638 facility.*

—> The IHS or 638 facility bills for the service based on the contractual relationship with the non-IHS/638 provider at the appropriate rate defined in the Medicaid State Plan. The non-IHS/638 provider cannot bill for the same service in this instance. The state claims 100% FFP for this service.

* This could be a telemedicine service.