

STATE OF WISCONSIN
Department of Health Services
Division of Long Term Care

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**Index Title: Statewide TPA Implementation
of CLTS and Birth to 3 Waiver
Claims Processing**

To: Area Administrators/Human Services Area Coordinators
County Departments of Community Programs Directors
County Departments of Developmental Disabilities Services Directors
County Departments of Human Services Directors
County Waiver Agency Directors and Coordinators
County Birth to 3 Agency Administrators and Coordinators

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Division of Long Term Care

Subject: Statewide Third Party Administration (TPA) Implementation of Children's Long-Term Support and Birth to 3 Waivers Claims Processing

The purpose of this memo is to provide updated information regarding the statewide TPA claims rollout plans for county waiver agencies (CWAs) and county Birth to 3 agencies.

Background

The Department of Health Services (DHS) has established a larger role in supporting the operational and administrative infrastructure of Wisconsin's Long-Term Managed Care and Medicaid Home and Community-Based Waiver (HCBW) programs. Processing Medicaid waiver provider claims is an important agency function and results in key information for local program operations, as well as the Department's rate setting and performance oversight.

The Department is establishing a statewide infrastructure that will result in a centralized, standardized method for processing Medicaid waiver provider claims for all CWAs administering Children's Long-Term Support (CLTS) Waivers and for county agencies that will administer the Birth to 3 Waiver, once established.

The Centers for Medicare and Medicaid Services (CMS) has informed the Bureau of Long-Term Support (BLTS) that successful renewal of the CLTS Waivers requires adherence to federal requirements for a standardized, statewide Medicaid Management Information System (MMIS) claims handling and data collection process.

In July 2009, the Department issued a Request for Proposal (RFP) to contract for TPA claims processing services, long-term care encounter service reporting, and other claims processing services for long-term care and Medicaid HCBW programs. The goal of the RFP was to select vendor(s) that have the capacity to deliver claims processing and related services for program agencies, including Family Care, Family Care Partnership and agencies delivering BLTS children's services.

The Department selected Wisconsin Physicians Service Insurance Corporation (WPS) as the contracted vendor for the Children's Waivers TPA claims implementation, based on their proven experience and statewide implementation capability.

Pilot County Waiver Agency Status

Five county waiver agencies agreed to participate in piloting the centralized and standardized TPA claims process. The pilot CWAs include:

- Dane County Department of Human Services
- La Crosse County Department of Human Services
- Milwaukee County Department of Health and Human Services
- Shawano County Department of Community Programs
- Waushara County Department of Human Services

The TPA pilot was launched in February 2010, and DHS and WPS met regularly with the pilot CWAs to thoroughly review and establish effective business rules. In September 2010, the pilot CWAs began submitting claim authorizations to their service providers and WPS. Providers also began submitting their claims directly to WPS for payment. As of December 31, 2010, WPS processed 4,831 claims and paid \$1,626,345 to CLTS Waivers providers who submitted timely and accurate claims.

The TPA pilot period ended effective December 31, 2010, and the Department is currently analyzing the pilot implementation process and documentation, and encounter-level data to ensure effective policies and procedures have been established for the statewide implementation.

The pilot CWAs have been, and continue to be instrumental in helping DHS to develop standardized business rules and forms for the statewide TPA implementation. The Department sincerely thanks the five pilot county waiver agencies for their time, commitment and willingness to offer valuable input and feedback in the testing of the TPA implementation activities.

Statewide TPA Implementation

Throughout the past year the Department had requested CWAs to volunteer for an early Spring 2011 implementation. However, after a thorough and thoughtful review, we have determined the most efficient and cost-effective method for implementing the statewide TPA procedures with the remaining 90 CWAs, is to establish a rollout schedule based on the DHS Area Administration regions. Factors used to make this decision include:

- DHS and WPS resources for training
- CWA costs for training time and travel
- Provider costs for training time and travel

We would also like to address CWA's requests for additional time to modify their local systems to meet the TPA requirements. Please review the table below and also refer to Attachment 1, *DHS Area Administration Regions TPA Implementation* map, for the current CLTS Waivers TPA regional implementation schedule. Lutheran Social Services and St. Francis Children's Center have already transitioned to the TPA claims process as of April 1, 2011.

CLTS Waivers TPA Schedule	
April 1, 2011	Lutheran Social Services St. Francis Children's Center
August 1, 2011	Southeastern Region
September 1, 2011	Southern Region
October 1, 2011	Northeastern Region
November 1, 2011	Western Region
December 1, 2011	Northern Region

The Birth to 3 Waiver application format is still being analyzed prior to submission to CMS, and this new waiver is expected to be available for county agencies later this year. We will issue the Birth to 3 Waiver TPA implementation schedule once the Department has received approval from CMS.

TPA Payments and 2011 County Contract Issues

The Department has established a central bank account to pay the TPA for processing the CLTS Waivers service provider claims. Provider service claims subject to the TPA processing are anticipated to include those from the CLTS Waivers and the upcoming Birth to 3 Waiver.

The TPA will process and pay claims for provider services that have been preauthorized by the CWA. The TPA notifies DHS on a weekly basis on the amount due for processed claims listed by CWA, and DHS pays the amount due to the TPA on behalf of the CWA.

Claims for any preauthorized services that are covered through state funds or co-mingled state and local funds (Community Options Program [COP], Family Support [FSP], Community Aids or county tax levy) must be processed by the TPA. Claims for CLTS Waiver services that are covered 100 percent through local funds may continue to be paid by the CWA and the expenditures can be reported via the Human Services Reporting System (HSRS).

The Department held back the usual three-month prepayment for the five pilot CWA's 2011 CLTS Waivers contracts, as all the provider service claims are being paid through the TPA. As the remaining CWAs convert to the TPA process, the Department will recover a 1/12 prorated portion of the contract based on the TPA implementation date. The TPA implementation will not impact the current county administrative cost percentage. This process will also ensure all data is included in year-end reconciliation.

The Department issues payments for adjudicated waiver service claims to the TPA on behalf of the CWA. Counties may continue to create locally matched waiver slots using local funds as the required non-federal match. Claims that are funded entirely by local funds do not need to be processed by the TPA. Claims that are covered through state and local funds must be processed by the TPA, and there will be a cash take-back from CWAs for the locally matched share of the waiver services via the Community Aids Reporting System (CARS). CARS cash

adjustment profiles have been established for this purpose. The CWAs will be able to utilize the monthly encounter data related to adjudicated claims reported to monitor the contract versus the actual expenditures. The Bureau of Fiscal Services (BFS) is in the process of developing an effective procedure to track these locally matched expenditures paid by the Department of Health Services.

The TPA implementation includes a per-member-per month (PMPM) cost of \$21.89 for every CLTS Waivers participant. The Department has established a minimum enrollment “budget” or number of waiver participants as of December 31, 2010, and DHS is covering the budget for this PMPM cost. For each CWA, this “budget” will be the minimum enrollment numbers for whom the Department will pay the PMPM cost. When a CWA adds a new enrollee, increasing the number of enrollees above the established enrollment PMPM budget:

- If the new enrollee’s services are state-funded, the Department will pay the PMPM cost
- If the new enrollee’s services are locally-funded, the CWA will be responsible for the PMPM costs in excess of the budgeted amount

CWAs may include the PMPM expenditures as an administrative cost. Please see Attachment 2 for a listing of each CWA’s enrollment “budget.” This listing reflects the number of CLTS Waivers enrolled participants with locally-matched funding as of December 31, 2010.

Reconciliation

As CWAs transition to the TPA claims processing, agencies will use CARS instead of HSRS to report their administration costs. The CWAs will enter the administrative expenditures into CARS, to track fees and costs for items not paid through WPS. CWAs will reconcile allocations and expenditures through CARS, as is the current practice. Further details regarding this revised reconciliation process will be issued soon.

The Bureau of Information and Technology Services (BITS) is currently generating a report similar to the L300 HSRS report from the new data sources (claims extracts), and the report is being used by the pilot CWAs as of March 2011.

CWA CLTS Waiver Responsibilities

Currently, CWAs are responsible for submitting CLTS Waivers applications to the Department for participant enrollment approval, establishing contracts or agreements with qualified providers, conducting caregiver background checks, developing individualized service plans (ISPs), authorizing provider services, issuing payments and 1099s to providers, and reporting service claim data through HSRS.

Under the TPA implementation, the CLTS Waivers application, participant enrollment, and provider verification and contracting processes do not change; however, the processes related to authorization of services, payment to providers, 1099 issuance, claim service data reporting, and reconciliation procedures are modified under the revised TPA process.

See Attachments 3 and 4 for diagrams reflecting the current CWA Waivers claims and payment process and the revised cycle under the TPA environment.

Human Services Reporting System Retirement Project

Up to now, CWAs have entered their provider service claim data into HSRS. The service claim data reporting in HSRS is reconciled against the CARS funding information to ensure appropriate use of funds and to claim matching federal funds.

The Department is currently working on a project to retire HSRS -- a 30+ year legacy system -- which no longer efficiently meets the needs of the Department and county agencies. The use of HSRS to track CLTS Waivers service data will begin to be phased out with the TPA implementation. CWAs must ensure they do not enter provider service claim data into HSRS for claims that are being paid through the TPA.

The TPA implementation and transition away from using HSRS for Children's Waivers programs also means that agencies will be reimbursed for authorized case management services, rather than receive the funds as a contract prepayment and reconciled after the fact. In this way, case management costs will be accurately tracked by the TPA and reported to CMS.

Once the centralized TPA process is fully implemented, all CLTS Waivers providers (unless the service is fully covered with local funds) will send their claims for services rendered directly to the TPA. When claims are received, the TPA adjudicates them based on service authorizations previously submitted by the CWA. The TPA issues checks to providers for approved claims twice a week.

In addition to verifying service authorizations and processing payments to providers, the TPA also submits data to DHS regarding the participants receiving services and details on the rendered services. Encounter level data is submitted to DHS on a monthly basis by the TPA and is stored in the DHS Data Warehouse. This data will be available to the CWAs, and is used for federal reporting.

HSRS will continue to be used in the interim for non-waiver services that are not paid through the centralized TPA process, as well as information on individuals registered in HSRS as waiting for long-term support services. The Department is currently working on a long-term solution for these functions.

Provider Data Collection

The CWA remains responsible for completing the following functions for all CLTS waivers service providers:

- Assisting, facilitating and supporting participant and guardian choice through continuous provider registration and development practices
- Ensuring all Medicaid waivers service providers are registered on the DHS Medicaid Waivers Registry and have signed the *Wisconsin Medicaid Program Provider Agreement and Acknowledgement of Terms of Participation for Waivers Services*
- Ensuring all Medicaid waivers providers are qualified and meet the established standards for the specific service for which payment is claimed
- Conducting caregiver background checks for all providers listed on the child's individual service plan (ISP) and meets the definition of a caregiver (for more details see Wisconsin Caregiver Program, including Background Checks Website at: <http://www.dhs.wisconsin.gov/caregiver/INDEX.HTM>)
 - In addition, federal regulations prohibit payment for any federal health care program, including Medicare and Medicaid, for any items or services furnished,

ordered, or prescribed by an excluded individual or entity listed on the HHS Office of Inspector General (OIG) Exclusions List (for more information see Office of Inspector General Exclusions Program Website:

<http://www.oig.hhs.gov/fraud/exclusions.asp>)

- Establishing agreements or purchase of service (POS) contracts with providers to deliver authorized services according to the participant's ISP

For more detailed information regarding these provider responsibilities, see Chapter IV, *Allowable Services and Provider Requirements*, of the *Wisconsin Medicaid Home and Community-Based Services Waivers Manual*.

To ensure the TPA has the necessary data to pay service claims and issue 1099s, the CWA is required to collect certain forms and data from the provider. We have developed a template letter for CWAs to send to their providers, which helps to explain the new TPA process and stresses the need to complete and submit the forms in a timely manner (see Attachment 5). CWAs must ensure all contracted providers have completed the two forms below and to retain these forms on file (see attachments 6 and 7):

- Internal Revenue Services (IRS) *W-9 Form* (revised January 2011)
- *Third Party Administration (TPA) Children's Medicaid Waivers Provider Billing and Services Information* (F-00412)

These two forms collect the necessary data for TPA claims processing including:

- Provider's business name
- Provider's billing and servicing address
- Individual/sole proprietor, corporation, partnership status
- Taxpayer Identification Number (TIN)
- Tax exempt status
- Provider license number
- Service specialty information
- National Provider Identifier (NPI) (if providing medical services)
- Contracted CWA information

The CWAs must submit all the provider data that is collected on the two forms to BLTS. To simplify the process, BLTS has developed an Excel spreadsheet template (see Attachment 8) for the CWA's use in transmitting provider data to the Department. The spreadsheet must contain a separate row for every provider that is authorized to deliver CLTS Waivers services. Submit the completed spreadsheet to BLTS via secure e-mail to DHSProviderRegistry@dhs.wisconsin.gov and include "**TPA Provider Data Update**" in the subject line.

Providers must complete updated forms if there is a change in their current information on file with BLTS and WPS (name, address, tax identification number change, etc.). An updated provider spreadsheet must be submitted to BLTS any time a contract or agreement is established with a new provider, or there is a change to the existing information.

The CWA may continue to choose to contract with a **fiscal agent** or fiscal intermediary to act as an employer for independent servicing providers, or a provider of money management services for the participant or participant's family, or as a service coordinator. The CWA must

collect the provider information identified above for fiscal agents and submit the data to BLTS, just as they would for any other service provider.

Sub-contractors for program administration that make arrangements for provider services must also be able to meet the same requirements regarding the administration of the CLTS Waivers as set forth for the CWAs by DHS and CMS. This includes service plan development, pre-authorizations, provider payments using an appropriate MMIS-compliant system, and the submission of encounter level data to the DHS. Sub-contractors are also subject to the same data integrity audits of the encounter level data that all other DHS encounter system users must accommodate.

Sub-contracting organizations are required to:

- Ensure providers are qualified to deliver authorized services, conduct caregiver background checks, including the OIG Exclusion List searches as detailed above
- Submit, or affect the submission of, pre-authorizations to the service provider and the TPA
- Ensure detailed service claims for purchased services are submitted to the TPA
- Ensure encounter level data is submitted to DHS

In order to ensure all sub-contracting organizations meet state and federal Medicaid requirements, all CWA sub-contractors must use the centralized TPA for their claims handling functions, which includes service authorization, provider payments, and encounter data reporting.

Case management services delivered to participants by county waiver agency staff are also covered under the TPA claims process. The CWAs' case management function is considered to be a provider function and the CWA is required to submit authorizations and claims to the TPA for reimbursement and federal match. For this purpose, CWAs must also submit the necessary provider data regarding their agency to BLTS on the Provider TPA Data spreadsheet.

Provider Preauthorization Process

The CWA must preauthorize all provider services, and submit an accurate authorization to both the provider and the TPA, to validate the provider's payment for a given service. If the CWA anticipates that services may qualify for federal matching funds, an authorization must be submitted to the TPA for claims processing.

CMS requires use of a national code set when paying and reporting the waiver claims, thus CWAs must use the national Health Insurance Portability and Accountability Act of 1996 (HIPAA) codes. Standard Program Categories (SPCs) are not used when submitting authorizations to the TPA. The Department has developed a SPC / HIPAA Code Crosswalk to assist with this change.

Further details regarding the authorization process and HIPAA codes will be covered during the CWA training sessions, as part of the statewide TPA rollout.

HIPAA Requirements and Safeguards

Upon the statewide TPA implementation, CWAs are required to submit a variety of participant and provider data that may include personal identifiable information, as defined under the

HIPAA, such as a participant's name, Social Security number, date of birth, etc. CMS issued regulations entitled "Security Standards for the Protection of Electronic Protected Health Information," found at 45 CFR Part 160 and Part 164, Subparts A and C, commonly known as the Security Rule.

An important step in protecting electronic protected health information (EPHI) is to implement reasonable and appropriate administrative safeguards that establish the foundation for a covered entity's security program. Where this requirement is a reasonable and appropriate safeguard for a covered entity, the covered entity must: "Implement a mechanism to encrypt and decrypt electronic protected health information."

The Transport Layer Security (TLS) system is one way to share secure encrypted e-mail correspondence between outside entities and DHS. This is a single system that allows users to receive their e-mail using their usual e-mail program rather than having to implement a different system. TLS is a point-to-point encrypted and secured connection. E-mails sent by anyone within the State Enterprise e-mail system to any agency or business partner that has established a TLS connection will automatically have their messages encrypted. The recipient will receive their messages in clear text, and will not need to register with Cisco Registered Envelope Service. Instead everyone just continues to use their regular e-mail program, and confidential information is safeguarded. There is no cost for the connection, although there may be a time investment for agency IT staff to complete the request for the connection.

We recommend that county waiver agencies sign up for the TLS system. Please see Attachment 9, *Transport Layer Security (TLS) Request Form*, and work with your agency's IT staff to complete the required information. The completed form is submitted via email to postmaster@wisconsin.gov. The State's IT staff will work with you to help get the connection established.

NOTE: The TLS connection will not automatically safeguard communication by encrypting messages between the CWA and WPS at this time, so other steps to ensure secure communication between your agency and WPS need to be established.

Long-Term Children's Waivers Program System Solutions

The Department is currently working with BITS on a long-term system solution for BLTS children's services agencies and providers to offer an enhanced web-based integrated solution for gathering the necessary data (e.g., participant enrollment, wait list, provider registration, TPA data, etc.). More details will be issued as these system enhancements become available.

County Waiver Agency and Provider TPA Training

The Department has been working closely with WPS to develop comprehensive TPA training materials for local agency and provider staff, as well as a detailed TPA CWA operational handbook, which details the TPA business rules, policies, procedures, forms and templates.

Technical assistance for the TPA implementation will also be available from DHS and WPS staff. BLTS is also working closely with the Area Administrators for the TPA implementation, including coordinating the selection of regional training sites and dates.

DHS and WPS have also developed a web-based provider TPA training seminar, which provides detailed information regarding the TPA claims payment process. This webcast is

available on the DHS Mediasite at:

<http://dhsmedia.wi.gov/main/Viewer/?peid=7275cd62c8d34c34a1f13fb06f26b7ed>

We will be issuing more information soon regarding the dates and sites for the county waiver agency and provider TPA training sessions.

Agency Immediate Action Steps

1. Ensure all current providers delivering CLTS Waiver services, and newly contracted providers are aware of the upcoming TPA implementation.
2. Request providers complete the *W-9* and *TPA Children's Medicaid Waivers Provider Billing and Service Information* forms (may use the CWA template letter), and retain the forms at the CWA in an accessible manner.
3. Submit TPA Provider Data Elements Template spreadsheet to BLTS via e-mail at DHSProviderRegistry@dhs.wisconsin.gov prior to the agency's specific scheduled implementation date.

If you have any questions regarding the CLTS Waivers statewide TPA claims implementation process, please contact Susan Larsen, Interim Children's Service Section Lead, at 608-267-9184 or Susan.Larsen@dhs.wisconsin.gov.

CENTRAL OFFICE CONTACT: Susan Larsen, 608-267-9184

MEMO WEB SITE: http://dhfs.wisconsin.gov/dsl_info/

Attachment 1: [DHS Area Administration Regional Map - TPA Implementation](#)

Attachment 2: [CLTS Waiver Participants with Locally-Matched Funding on 12/31/2011t](#)

Attachment 3: [Waiver Claims and Payment Cycle Work Flow – Current Environment](#)

Attachment 4: [Waiver Claims and Payment Cycle Work Flow – Centralized TPA Environment](#)

Attachment 5: [CWA Request for Provider TPA Data Collection Template Letter](#)

Attachment 6: *IRS W-9 Form* (Revised January 2011): <http://www.irs.gov/pub/irs-pdf/fw9.pdf>

Attachment 7: *Third Party Administration (TPA) Children's Medicaid Waivers Provider Billing and Service Information* (F-00412): <http://www.dhs.wisconsin.gov/forms/F-0.asp>

Attachment 8: [TPA Provider Data Elements Template](#) (Excel)

Attachment 9: [Transport Layer Security \(TLS\) Request Form](#)