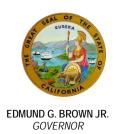


## State of California—Health and Human Services Agency Department of Health Care Services



**GEMT PPL 14-001** 

DATE: December 18, 2014

TO: GROUND EMERGENCY MEDICAL TRANSPORTATION (GEMT) FEE-

FOR-SERVICE (FFS) SUPPLEMENTAL REIMBURSEMENT PROGRAM

**PARTICIPANTS** 

SUBJECT: ALLOWABLE REIMBURSEMENT OF GEMT CONTRACTED BILLING

AND ACCOUNTING SERVICE COSTS

The purpose of this Policy and Procedure Letter (PPL) is to provide guidance to eligible providers participating in the Medi-Cal GEMT FFS supplemental reimbursement program on the allowable and non-allowable contracted costs associated with performing billing, accounting services, or both<sup>1</sup> in accordance with state and federal guidelines.

This PPL interprets, implements, and makes specific the limitation of the GEMT FFS supplemental reimbursement program reporting costs, with regards to billing and accounting services costs, that are based on allowable expenditures under Title XIX of the federal Social Security Act pursuant to Welfare and Institutions Code section 14105.94, subdivision (f), paragraph (1), as provided in:

- Code of Federal Regulations, title 42, part 447.10(f) sets forth the conditions for a business agent of the provider for billing and accounting services.
- California Code of Regulations, title 22, section 51502.1, subdivision (e), provides further conditions for allowable billing arrangements for billing and accounting services.

Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement and administer this section by means of provider bulletins, or similar instructions, without taking regulatory action.

This Policy and Procedure Letter governs should there be a conflict between this Policy and Procedure Letter and any previous Department published Policy and Procedure Letters or regulations relating to Welfare and Institutions Code section 14105.94.

<sup>&</sup>lt;sup>1</sup> This Policy and Procedure Letter is published under the authority specified in Welfare and Institutions Code section 14105.94, subdivision (h), which provides:

**GEMT FFS Program Participants** December 18, 2014 Page 2

## ALLOWABLE BILLING CONTRACT SERVICE COSTS

A list of examples of contracted expenditures incurred for the provision of billing, accounting services, or both that would be allowable for supplemental reimbursement pursuant to this PPL are:

- 1. Billing contract fees paid based on a flat rate<sup>2</sup> per transport.
- 2. Billing contract flat rate<sup>2</sup> fees paid for a fixed term (hourly, daily, monthly, etc.) regardless of total transports billed, total revenue collected for the fixed term, or both.

## NON-ALLOWABLE BILLING CONTRACT SERVICE COSTS

A non-exhaustive list of examples of contracted billing, accounting service expenditures, or both that are not allowable for GEMT FFS supplemental reimbursement pursuant to this PPL include the following:

- 3. Fees paid to the billing agent based on the percentage of collections-regardless if such percentage was up to a flat amount, varying percentage rates triggered by collection thresholds, based on historical costs, total collection amounts, or any combination thereof.
- 4. Fees paid to the billing agent based on performance incentives, including a per transport or fixed term rate that may be increased by incentives for performance.

For guidance specific to your unique contracting arrangements in relation to this PPL, please contact us at GEMT@dhcs.ca.gov.

Sincerely,

## ORIGINAL SIGNED BY STACY FOX

Stacy Fox, Assistant Division Chief Safety Net Financing Division

<sup>&</sup>lt;sup>2</sup> The Centers for Medicare and Medicaid Services (CMS- formerly HCFA) Regional Office Bulletin: Part A No. 80-49 states: "Fixed payments...are an allowable cost only to the extent they are supported by the reasonable value of actual services rendered...[and] adequate documentation must be maintained regarding the actual hours and services rendered." Therefore, a flat rate must be reasonable and not contingent upon true findings or results of such services.