



September 28, 2010

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Dear Colleagues:

Thank you for your letter of September 20, 2010. In any significant undertaking, there are many challenges to address as implementation nears. Although we have been working on clinic reform for three years (during which the federal government planned, enacted and has begun to introduce health reform!), there are always last minute issues. We certainly appreciate your bringing these to our attention. In many cases, solutions have been put in place. We will outline these solutions below. We have considered the possibility of further system-wide delays, but these would also be costly, would unfairly penalize many providers, and risk a scenario where reform is never implemented but COPS is deeply cut or eliminated to avoid risk and cut costs. The interim solutions/actions that have been put in place include:

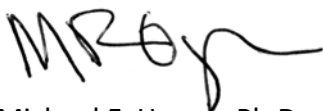
- In order to avoid cash flow disruptions while we await CMS approval for the APG reimbursement methodology, providers have the option of continuing to bill under the current process or submitting bills with all cpt codes and the old rate codes. If they choose the former, claims will need to be resubmitted consistent with the new requirements after CMS approval. If they choose the latter, claims will be automatically readjudicated. Accordingly, basic cash flow will not be disrupted.
- While it is true that the implementation of equivalent managed care rates is delayed pending CMS approval of the APG methodology, providers will be able to continue billing "COPS Only" supplemental payments at 100% of the current rate until equivalent managed care rates are implemented.

- We continue to work with the State Health Department to advocate for CMS approval of the indigent care pool and are hopeful that it will be approved. It should be noted; however, that this pool represents new funding that is phased in at 100% once approved. The reduction in COPS funding that it seeks to partially offset is phased out over a three year period. This approach allows for some delay in approvals without seriously impacting providers financially.
- We are working with the NYC Department of Health and Mental Hygiene to identify providers who were previously funded with state aid to provide homebound services to adults and will work with NYC to restore support. We will also be providing guidance to assist providers in appropriately billing Medicare for those consumers who have such coverage.

We regret that the delays in obtaining CMS approvals are causing additional work and the need for some last minute instructions. The Office of Mental Health will do its best to effectively communicate the procedures that must be followed to ensure that funding is not disrupted. To this end, we will be convening a meeting with software vendors and provider representatives next week to clarify interim billing procedures and provide assistance to the vendors as needed. We also appreciate your offer to join us in advocating with CMS, at the appropriate time, to approve the necessary State Plan Amendment.

We firmly believe that implementing these reforms on October 1 is in the best interest of the consumers we serve and are confident that clinic providers can make the necessary billing adjustments. We appreciate your support for clinic reform and welcome your continued input.

Sincerely,



Michael F. Hogan, Ph.D.  
Commissioner

