

Clarification for Calculating CSHCN Services Program Reimbursement Using the OFL

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Effective for dates of service on or after September 1, 2011, various percent reductions were applied to Children with Special Health Care Needs (CSHCN) Services Program durable medical equipment, prosthetics, orthotics, and supplies procedure codes. The percentage reductions were published on this website in articles and in the Online Fee Lookup (OFL).

The articles include a column titled "CSHCN Fee Effective 9-1-11," and the OFL includes a new column titled "Adjusted Fee." These columns were created to display the fee with all mandated percentage reductions applied for a quantity of 1. If multiple quantities are billed for a procedure code, multiplying the adjusted rate times the quantity billed will usually not yield the exact amount that will be reimbursed.

To calculate the exact amount that will be reimbursed, providers can follow these steps:

1. Multiply the quantity billed times the Access-Based or Max Fee in the OFL or static fee schedules. (In the website articles, this is called the Current CSHCN Rate.) This gives you the total allowed amount before the percentage reduction is applied.
2. Multiply the total allowed amount times the total percentage reduction that applies to the procedure code. This gives you the total amount that the reimbursement will be reduced.
3. Subtract the total reduction from the total allowed amount to determine the amount that will be reimbursed.

Important: DME items are reimbursed the lesser of the provider's billed charges, the published access-based or max fee, or the manual price amount. If the amount billed is less than the amount in the Access-Based or Max Fee column, the percentage reduction will be applied to the provider's billed charges. For a claim to process correction, providers must bill their usual and customary rate for the item and not an adjusted rate.

Examples

The examples below show the correct calculations for the procedure codes in this excerpt from the OFL:

Provider Type	TOS	TOS Desc	Proc Code	Client Age From	Client Age Through	Access-Based or Max Fee	Effective Date	Adjusted Fee for Report Date
Home Health DME	9	Other/DME Purchase - Used	A4554	0	999	\$0.41	07/07/00	\$0.38
Medical Supplier (DME); LMSW-ACP	9	Other/DME Purchase - Used	A4326	0	999	\$10.79	03/01/08	\$9.93

Example 1

If procedure code A4554 is billed, the following calculations would apply:

Quantity Billed	Step	Calculations
1	1	$\$0.41 \times 1 = 0.41$ (Total Allowed Amount)
	2	$0.41 \times 8\% = 0.0328$ (Total Reduction)
	3	$0.41 - 0.0328 = 0.3772$ (Amount to Be Reimbursed)
	Total Paid Amount = \$0.38	
120	1	$\$0.41 \times 120 = 49.20$ (Total Allowed Amount)
	2	$49.20 \times 8\% = 3.936$ (Total Reduction)
	3	$49.20 - 3.936 = 45.264$ (Amount to Be Reimbursed)
	Total Paid Amount = \$45.26	

Example 2

If procedure code A4326 is billed, the following calculations would apply:

Quantity Billed	Step	Calculations
1	1	$\$10.79 \times 1 = 10.79$ (Total Allowed Amount)
	2	$10.79 \times 8\% = 0.8632$ (Total Reduction)
	3	$10.79 - 0.8632 = 9.9268$ (Amount to Be Reimbursed)
	Total Paid Amount = \$9.93	
31	1	$\$10.79 \times 31 = 334.49$ (Total Allowed Amount)
	2	$334.49 \times 8\% = 26.7592$ (Total Reduction)
	3	$334.49 - 26.7592 = 307.7308$ (Amount to Be Reimbursed)
	Total Paid Amount = \$307.73	

For more information, call the TMHP-CSHCN Services Program Contact Center at 1-800-568-2413.