

July 12, 2005

Connie Koshewa
Melinna Giannini, President
Alternative Link
6121 Indian School Road NE Suite 131
Albuquerque, NM 87110

Dear Connie and Melinna;

This letter is written in support of Alternative Link's efforts to ensure that the Alternative Billing Concepts (ABC) codes be recognized as a national code set for use within standard electronic data interchange (EDI) transactions. It is hoped that this letter will serve as an analysis of the benefits that the use of these codes provides to the Alaska Medical Assistance program, its providers, and its recipients, and the potential cost to all parties if this code set does not gain the national recognition you are seeking.

According to compliance rules within the Federal Health Insurance Portability and Accountability Act (HIPAA), all state Medicaid programs were advised that state unique codes would need to be replaced by national standard code sets, either the Current Procedure Terminology, Fourth Edition (CPT-4) or the Health Care Financing Administration Common Procedure Coding System (HCPCS), no later than December 31, 2003. Extensive research of the CPT-4 and HCPCS manuals revealed that there were mental health rehabilitation and home and community based waiver services included in the Alaska Medical Assistance regulations (7 AAC Chapter 43) could not be accommodated by these code sets.

As a result of Alternative Link's efforts, the then Health and Human Services (HHS) Secretary, Tommy Thompson, approved a pilot project to allow the use of ABC codes in HIPAA standard transactions by selected state Medicaid programs, including Alaska, (per HSS letter to Alternative Link dated January 6, 2003). The purpose of the project was to determine if the use of the ABC code set would prove beneficial to participating states' and enrolled health care providers in meeting unique code set compliance needs. The two year pilot project expires October 16, 2005 and may be extended only by the HHS Secretary. Participation in this project has allowed Alaska's health care providers and the Medicaid program to use codes that more accurately reflect the description of the covered services being provided while maintaining compliance with HIPAA EDI standards. The ABC code set has had the greatest impact on the delivery of rehabilitation services in the mental health portion of Alaska's behavioral health system.

During calendar year 2004, the Alaska Medical Assistance program processed over 360,000 claims for outpatient mental health rehabilitation services that were billed using the ABC codes. These rehabilitation services were rendered to over 4,000 recipients from our severely emotionally disturbed and severely mentally ill client population who might otherwise require institutionalized care. I am attaching a list of the current ABC codes, as well as our regulation citation, used in Alaska.

While the CPT and HCPCS code sets comprise the bulk of the codes necessary for reporting traditional services covered within regulation for Alaska, there are gaps in these coding systems, particularly in relationship to the state's mental health rehabilitation services which are primarily rendered by paraprofessionals.

Few options will be available to Alaska if Alternative Link does not secure approval as a HIPAA standard code set beyond the pilot project. To remain in compliance with the HIPAA standard code set rules, the following paragraphs illustrate our knowledge of the available options for Alaska Medicaid. CPT and HCPCS codes are an option, however these code sets are designed to serve on a national level and obtaining new codes is an extremely lengthy process. In addition, the current CPT and HCPCS, while very valuable, do not fill the gaps being filled by the use of the ABC Codes. Many of the CPT and HCPCS codes address medical procedures and services and do not adequately address mental health rehabilitation codes.

For example, the CPT Coding System is described in 45 CFR Subtitle A, 162.1002 as services that include but are not limited to the following:

- i. Physician services
- ii. Physical and occupational therapy services.
- iii. Radiologic procedures.
- iv. Clinical laboratory test.

- v. Other medical diagnostic procedures.
- vi. Hearing and vision services.
- vii. Transportation services including ambulance.

The HCPCS portion of 45 CFR Subtitle A, 162.1002 describes the codes as including, but not limited to:

- i. Medical supplies.
- ii. Orthotic and prosthetic devices.
- iii. Durable medical equipment.

A review of the current code requests (150) filed with HCPCS beginning January 1, 2005, does not reflect any requests for mental health rehabilitation service codes. Most of the HCPCS codes requests reviewed are for durable medical equipment.

The most costly option to providers and the program, but transparent to the clients, is to use existing non-specific, "unlisted" codes from the CPT or HCPCS code sets. However, these codes do not convey the specific detail of the various and unique services delivered. Due to the inability to readily determine the service actually delivered, both cost and time required for post-payment review would increase substantially for both providers and the state. This option will require manual intervention on the part of providers to bill for these services and for the Medicaid program to reimburse them. Figures from providers across the state indicate that the cost to submit a paper claim is at least 10 times the cost of using EDI. Additionally, manual processing results in delayed payment to providers and the error rate for paper claim processing is greater. Cost to the state would rise significantly due to the additional time and labor that is required in processing these claims.


The final option would require the elimination or redefinition of most mental health rehabilitation services. Use of the currently available codes places Alaska in the same position that we were in when we elected to participate in the pilot project in the first place. These codes do not depict all of the services that Alaska feels are essential to meeting the rehabilitation needs of our clients. The loss of the ABC code sets would cripple our current mental health system. Based on current regulations and codes sets that would be available, professional staff would be required to deliver rehabilitation services that are currently being delivered by paraprofessional staff. Due to Alaska's limited number of professional providers, this would create significant wait lists. The need for hospitalization would also increase as a result of delays in, or lack of, treatment. Concurrently, the state's cost would increase. The cost of delivering services is typically twice as much when delivered by professional staff as opposed to paraprofessional staff. Hospitalizations, even at our state hospital, are considerably more than the cost of outpatient services. Furthermore, Alaska does not have the capacity to accommodate increased hospitalization in our state hospitals. We would be forced to use private hospitals, which can cost over 200% more than state hospital care.

In addition to the added costs to the state and the providers, there is the disruption of services that occurs when we change a code. Our providers uniformly complain about the burden of paperwork and the decrease in service delivery time available to serve clients due to excessive paperwork.

In closing, the State of Alaska would like to know how much longer we can continue to use the ABC Codes through the pilot project and an estimate of when the codes will be approved by HHS on a permanent basis. As an interim measure, Alaska would like to have the ability to continue to use the ABC codes until new codes could be obtained. This measure would require an extension to the current pilot project or some other form of approval from the HHS Secretary.

The State of Alaska hopes that the content of this letter adequately documents the need for our continued use of the Alternative Link ABC coding sets.

Sincerely,



Daniel Weigman,
Program Integrity Manager
Division of Behavioral Health

Attach: codes list

STATE OF ALASKA

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DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DIVISION OF BEHAVIORAL HEALTH

June 3, 2005

Connie Koshewa
Melinna Giannini, President
Alternative Link
6121 Indian School Road NE Suite 131
Albuquerque, NM 87110

Dear Connie and Melinna;

Thank you both for the information that you provided on the phone this morning regarding the options for combined services procedure codes and the update on the status of the continuing process to nationalize the use of ABC codes.

In regard to the services that we would like to include in the combined procedure code, we are hoping that you can include in the definition "the services may include but are not limited to individual, family and group therapy; individual, family and group skill development; and case management".

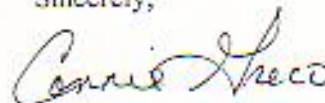
While the State of Alaska Behavioral Health System uses Nationally recognized codes routinely, the state relies heavily on the use of ABC Codes. Approximately one third of the procedure codes currently being utilized are ABC Codes. The need to seek new procedure codes would have a tremendous financial impact on our service providers and the Alaska Medicaid System.

Many of our (over 200) providers maintain their own billing software systems. The cost of updating the software would certainly be a big impact. Claims submitted without a defined procedure code are appended and must be individually reviewed by appropriately trained staff. If it is determined that this is a service in need of a procedure code the process of obtaining the code is cumbersome and lengthy as well as a tremendous expense to the Medicaid system. Use of ABC codes significantly decreases the possibility of this occurring.

The alternative is to use codes that do not adequately describe the service being provided or to not deliver the services at all. Neither of these is a viable choice. With communities in Alaska ranging from bush (village) communities, to rural, to urban, we need procedure codes that allow us to provide critical services, especially to our under-served populations. A recent survey indicates that minority groups represent over 50% of the population in Alaska. A large percentage of this population resides in bush communities.

Use of ABC Procedures Codes has allowed Alaska to provide better services to our entire population; including bush and village communities and we would certainly like to continue to use the ABC codes.

Sincerely,



Connie Greco, LCSW
Mental Health Clinician II

From: Walsh, Linda [mailto:Linda_Walsh@health.state.ak.us]
Sent: Wednesday, October 05, 2005 2:05 PM
To: Giannini, Melinna; Walsh, Linda
Cc: Motley, Darlene; Lucks, Bernd Gustav
Subject: RE: (A) Sorry to bug you

Melinna,

This has taken awhile to gather the info you requested. Basically, I was unsure of what you needed so am providing some info that is probably broader than you anticipated but, here goes:

The ABC codes Alaska uses resides on the mainframe claims processing system. When providers submit claims with ABC procedure codes on them, we process these claims through our system and verify that the code submitted is valid for our coverage rules. As a result the codes are on a formulary file in our system and reside on claims/invoices for services billed with ABC codes we have processed in that system. We also have 2 decision support systems that house claims for data analysis purposes. Thereby, it is possible that claims with these ABC codes are also in these DSS systems.

Finally, there are 172 employees of our contractor who have access to Alaska's information in the mainframe system. In addition, 83 state employees also have security access to information within that mainframe. In addition, there are 72 state users who have access to the DSS. What this means is that any of these could potentially have access to a claim/invoice containing an ABC code.