

+-----+  
| LOCAL COMMISSIONERS MEMORANDUM |  
+-----+

Transmittal No: 90 LCM-124

Date: August 2, 1990

Division: Commissioner's  
Office

TO: Local District Commissioners

SUBJECT: Filed Regulation Part 514

ATTACHMENTS: Attachment listed below  
(Attachment available on-line)

The following changes to the Official Regulations of the State Department of Social Services have been filed for adoption with the Secretary of State.

18 NYCRR Part 514 relating to verification of medical assistance eligibility.

The final rule - Filed: 7/31/90 - Effective: 8/15/90.

---

Michael J. McNaughton  
Director, Local District  
Policy Communications

A new Part 514 is added to read, as follows:

Part 514  
PROVIDER VERIFICATION OF  
RECIPIENT ELIGIBILITY AND  
ORDERS FOR SERVICE

514.1 Policy. (a) In order to avoid unnecessary processing of medical assistance (MA) claims, administrative expense to the MA program, provider billing errors resulting in non-payment of claims and to reduce unacceptable provider practices, the department may require a provider to verify MA recipient eligibility. The department may also require a provider to verify orders for care, services or supplies.

(b) A provider required to do so must verify MA recipient eligibility by making an inquiry to an electronic data system prior to furnishing any item of care, services or supplies for which payment will be claimed under the MA program. A provider required to do so must make an inquiry to an electronic data system to determine whether an order for care, services or supplies has been posted in the electronic data system by the ordering provider and is therefore subject to reimbursement if filled by the inquiring provider.

(c) The department may require a provider to verify recipient eligibility if the department determines that the provider engages in a significant number of MA transactions, or the provider's service profile exceeds the department's utilization control criteria. The department may require a provider to verify

orders for care, services or supplies if the provider engages in a significant number of MA transactions, or the provider's service profile exceeds the department's utilization control criteria, or other circumstances warrant imposition of this control to assure validity of orders for care, services or supplies.

(d) A provider required to verify recipient eligibility or orders for care, services or supplies who fails to verify properly may have payment for claims under the MA program withheld or denied or be subject to sanctions, as defined in Part 515 of this Title.

514.2 Introduction. (a) The department has established an electronic eligibility verification system whereby a provider may determine the eligibility status of any person seeking care, services or supplies under the MA program before furnishing care, services or supplies to such person.

(b) The system was designed to assure that a provider can verify the current MA eligibility of persons seeking medical or dental care, services or supplies and, thus, be assured that legitimate claims submitted to the department for services rendered to eligible recipients will be paid.

(c) If, on the date of service, the provider verifies eligibility in accordance with the verification procedures of this Part, payment will not be denied because the recipient was not MA eligible on the date that the care, services or supplies were furnished.

514.3 Electronic eligibility verification system. (a) The department's Electronic Medicaid Eligibility Verification System

is known as EMEVS. Recipient eligibility may be verified by accessing EMEVS through a Medicaid Eligibility Terminal (MET) or by telephone. The procedures for verifying eligibility through the MET or by telephone are fully explained in the Department's publication "New York State Electronic Medicaid Verification System Provider Manual". The publication is available by writing to the following office:

Electronic Medicaid Eligibility Verification System  
New York State Department of Social Services  
40 North Pearl Street  
Albany, New York 12243

514.4 Medicaid eligibility terminal (MET). (a) The MET is an electronic device which permits a provider to verify MA recipient eligibility immediately through EMEVS. Any provider who establishes a need to the department's satisfaction may request the department to provide a MET.

(b) The department may require a provider to verify MA recipient eligibility by using a MET if the department determines that the provider's claims or orders for MA care, services or supplies meet or exceed one or more of the criteria set forth below:

(1) the dollar value of claims submitted or care, services or supplies ordered by the provider for the prior 12 month period exceeds \$75,000; or

(2) the dollar value of claims submitted or care, services or supplies ordered by the provider for a weekly period, when projected to a yearly period, will exceed \$75,000; or

(3) the number of claims submitted by the provider or

amount paid to the provider for a quarterly period places the provider in the upper quartile of a rank order listing of billers in the applicable provider type; or

(4) the claims submitted by the provider indicate frequent, repetitive encounters with recipients or repetitive dispensing patterns; or

(5) the claims submitted by the provider for a weekly period indicate an increase of 10 percent or more in total amount billed, average cost per claim or average cost per recipient encounter from the previous quarter; or

(6) the claims submitted by the provider for a quarterly period exceed by two standard deviations or more the average number of claims per recipient encounter submitted or average dollar value of claims per recipient encounter submitted by billers in the applicable provider type.

(c) If a provider is required to use a MET by the department, the provider must continue the use of the MET until such time as the department informs the provider in writing that MET use by the provider is no longer mandatory. Not less than one year after a provider has been required to use a MET, the provider may request that the department rescind its order for mandatory MET use by such provider on the ground that the provider's billings during the yearly period preceding such request do not fall within any of the criteria set forth in subdivision (b) of this section.

(d) METs will be provided by the department without charge to providers who establish a need and to providers who are required to use them. METS supplied by the department remain the property of the department.

(e) If the department requires a provider to use a MET, the provider must use the MET verification procedure unless the MET or EMEVS is not functioning. Any MET or EMEVS problems should be reported immediately through the emergency telephone numbers set forth in the EMEVS Provider Manual.

(f) When the provider who has been required to use a MET is unable to use the MET because the MET or EMEVS is not functioning, the provider must verify eligibility by accessing EMEVS by telephone.

(g) If a provider who is required to use a MET does not use the MET verification procedure or the alternative telephone verification procedure, payments for any claims submitted where eligibility was not verified will be denied. If the department finds a significant number of unjustified failures by the provider to use the MET, the department may treat such provider failures as an unacceptable practice under Part 515 of this Title.

514.5 Card swipe. (a) The MA recipient identification card is a plastic card which can withstand repeated use. This card, with or without a photograph of the recipient, is the card most commonly used by the MA program throughout the State.

(b) The plastic identification card has a magnetic strip on the reverse side containing encoded information which is read by the MET.

(c) If the department requires a provider to use a MET, the provider is also required to insert the recipient's plastic card into the MET and "swipe" the card through the terminal in order

that the MET may read the encoded information.

(d) If the card swipe capability is not functioning or if the recipient does not have a plastic identification card (e.g. the recipient has a temporary MA identification card or replacement card), the provider must manually enter the recipient information into the MET or use the alternative telephone verification procedure provided for in conjunction with EMEVS to verify eligibility.

(e) If a provider who is required to use a MET does not use the card swipe capability of the MET in a significant number of its weekly MA transactions, the department may withhold payment of claims equivalent in dollar value to the percentage of claims in such weekly transaction period with respect to which the provider failed to use the card swipe capability pending an audit or review of the claims submitted and the provider's service and claiming practices. If the department finds a significant number of unjustified failures by the provider to use the card swipe capability, the department may treat such provider failures as an unacceptable practice under Part 515 of this Title.

514.6 Posting of orders for care, services or supplies. (a) In certain instances, as defined by Parts 505 and 506 of this Title, a prescription or fiscal order is required before a provider may furnish MA care, services or supplies (e.g. provision of laboratory services, drugs or sickroom supplies requires the fiscal order of a qualified practitioner). With regard to care, services or supplies for which a prescription or fiscal order is required, the department may direct an ordering provider to enter an

authorization into EMEVS ("posting") for the ordered care, services or supplies which are to be furnished by another provider if the department determines that the ordering provider's claims or orders for MA care, services or supplies satisfy one or more of the criteria set forth in subdivision (b) of section 514.4 of this Title.

(b) Posting of the order in EMEVS by the ordering provider establishes a record that the care, services or supplies have been ordered by a qualified provider. The posting process enables the department to verify that the care, services or supplies have been properly ordered before paying a provider who submits a claim for furnishing them. Posting also permits the provider who is requested to furnish ordered care, services or supplies to verify through inquiry to EMEVS that the care, services or supplies have been properly ordered before filling the order. The provider manual addressing the particular care, services or supplies ordered sets forth in detail those service types or procedures requiring written orders.

(c) If an ordering provider who is required to post fails to post properly in a significant number of its weekly MA transactions, the department may withhold payment of claims submitted by the ordering provider which are equivalent in dollar value to established MA reimbursement amounts for care, services or supplies rendered or furnished by the ordering provider to an MA recipient on the same date of service within the weekly transaction period as care, services or supplies ordered for such recipient with respect to which the ordering provider failed to post properly, pending an audit or review of claims submitted and the ordering provider's service and claiming practices. If the

department finds a significant number of unjustified failures by the provider to post orders, the department may treat such provider failures as an unacceptable practice under Part 515 of this Title.

514.7 Clearing of orders for care, services or supplies. (a) The department may direct a provider who furnishes ordered MA care, services or supplies to obtain authorization to furnish such care, services or supplies through inquiry to EMEVS ("clearing"). A provider may be directed to clear prescriptions or fiscal orders if the department determines that the clearing provider's claims or orders for MA care, services or supplies satisfy one or more of the criteria set forth in subdivision (b), Section 514.4 of this Title, or the clearing provider is furnishing care, services or supplies ordered by a provider required to post, or patterns or volumes of MA transactions by ordering or furnishing providers within a specified geographic area or within a specific provider type warrant the imposition of this additional control to assure the validity of prescriptions or fiscal orders.

(b) When a provider who furnishes ordered care, services or supplies ordered by a provider required to post orders for care, services or supplies clears a prescription or fiscal order, EMEVS will respond with a message indicating whether the payment of claims for care, services or supplies will be made.

(c) If a provider who is directed by the department to clear prescriptions or fiscal orders fails to clear a prescription

or fiscal order which is required to be posted to EMEVS and which either has not been posted or has been posted and already filled, the department will deny payment for the ordered care, services or supplies. If the department finds a significant number of unjustified failures by the provider to clear orders, the department may treat such provider failures as an unacceptable practice under Part 515 of this Title.

Paragraph (16) of subdivision (b) of section 515.2 is renumbered paragraph (17) and a new paragraph (16) is added to read as follows:

(16) Verification of MA eligibility:

(i) Failing to use the Medicaid Eligibility Terminal (MET) verification procedure, as required by Part 514 of this Title, in a significant number of cases and such failure is unjustified.

(ii) Failing to use the card swipe capability of the MET, as required by Part 514 of this Title, in a significant number of cases and such failure is unjustified.

(iii) Failing to post orders for medical care, services or supplies in the Electronic Medicaid Eligibility Verification System (EMEVS), as required by Part 514 of this Title, in a significant number of cases and such failure is unjustified.

(iv) Failing to clear prescription or fiscal orders which are required to be posted to EMEVS, as required by Part 514 of this Title, in a significant number of cases and such failure is unjustified.