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| LOCAL COMMISSIONERS MEMORANDUM |  
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Transmittal No: 90 LCM-125

Date: August 10, 1990

Division: Medical Assistance

TO: Local District Commissioners

SUBJECT: Public Notice of Proposed Changes in the Method of  
Reimbursement for Physicians in the Preferred Physicians and  
Children Program (PPAC)

ATTACHMENTS: I - Public Notice  
(Available on-line)

II - Reimbursement Methodology for PPAC  
(Available on-line)

Federal regulations (42 CFR 447.205) require us to provide public notice of any significant proposed changes in the methods and standards for setting payment rates for services provided under the Medicaid Program. Pursuant to these regulations, a notice was published in the official State publication, the New York State Register, on August 1, 1990 which indicates the Products of Ambulatory Care (PACs) reimbursement methodology for physicians enrolled in the Preferred Physicians and Children Program (PPAC). PPAC will be implemented by this Department to be effective October 1, 1990, with a Pilot Program which began July 1, 1990.

The federal regulations indicate that copies of the proposed changes and the method of reimbursement must be available in every county for public review. A copy of the notice as it appeared in the State Register is enclosed for your information. As you will note, the notice which was published in the State Register indicates that such copies will be available in the local (county) social services districts. The Federal regulations only require that we make them available for public review and do not require this Department or you to distribute them to the public. If you are in need of further copies of the proposed changes, please contact Ms. Barbara Meg Frankel, Division of Medical Assistance at 1-800-342-3715, extension 3-5565.

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Should the public wish to comment on these proposed changes, early comment is encouraged. Written comments concerning this initiative should be directed to:

Michael J. McNaughton  
Local District Policy Communications  
New York State Department  
of Social Services  
40 North Pearl Street  
Albany, New York 12243

I appreciate your cooperation in meeting the requirements of these Federal regulations.

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Jo-Ann A. Costantino  
Deputy Commissioner  
Division of Medical Assistance

PUBLIC NOTICE

DEPARTMENT OF SOCIAL SERVICES

Pursuant to 42 CFR 447.205, the Department of Social Services hereby gives notice of the following:

The Department of Social Services proposes a new methodology for Title XIX (Medicaid) reimbursement of physicians enrolled in the Preferred Physicians and Children Program (PPAC). In this program, the Commissioner of the Department of Social Services will enter into provider agreements with certain physicians who meet the requirements for participation in the PPAC and will reimburse such physicians for the costs associated with their provision of primary care services to children up to age 21 who are eligible for medical assistance (MA).

Access to primary care and specialty services continues to be a problem for children eligible for MA in New York State. The PPAC provides a mechanism to provide appropriate reimbursement to qualified physicians willing to serve these children. An equitable reimbursement methodology will promote the enrollment of qualified physicians in the MA program resulting in improved access to quality care for children eligible for MA.

The proposed reimbursement methodology, which has been established by the Commissioner of the Department of Health, provides for payments under a variation on the Produces of Ambulatory Care (PAC) classification system developed especially for physicians. The PAC classification system consists of groups of ambulatory care visits that require a similar amount of a physician's time to care for the patient. These groups have been defined based upon the patient's principal diagnosis and age, and represents the range of primary care and specialty physician services that a pediatric population may require.

A fee will be established for each of the PAC groups. Actual reimbursement to physicians will be dependent upon the distribution of their cases across the PAC groups and their geographic location. The PAC fee structure will incorporate a regional adjustment for downstate providers and upstate providers, with the downstate area defined as the greater New York City metropolitan area.

Copies of the proposed reimbursement methodology are on file in each local (county) social services district and are available for public review.

In New York City, copies are available at the following locations:

New York County: 250 Church Street  
New York, New York 10013

Queens County: Queens Center  
3220 Northern Boulevard  
Long Island City, New York 11101

Kings County:       Fulton Center  
                          114 Willoughby Street  
                          Brooklyn, New York 11201

Bronx County:        Tremont Center  
                          1916 Monterey Avenue  
                          Bronx, New York 10457

Richmond County:    Richmond Center  
                          95 Central Avenue  
                          St. George  
                          Staten Island, New York 10301

If you have written comments, please send them to:

Michael J. McNaughton, Director  
Local District Policy Communications  
New York State Department  
  of Social Services  
40 North Pearl Street  
Albany, New York 12243