



Maryland Department of Health and Mental Hygiene
201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – Joshua M. Sharfstein, M.D., Secretary

MARYLAND MEDICAL ASSISTANCE PROGRAM
Managed Care Organizations Transmittal No. 90
April 17, 2012

To: Managed Care Organizations
Hospitals in Washington, District of Columbia (DC)

From: *Susan J. Tucker*
Susan J. Tucker, Executive Director
Office of Health Services

Re: Revision of MCO Transmittal No. 86 (June 28, 2011)

The Maryland Medical Assistance Program is withdrawing MCO Transmittal No. 86 dated June 30, 2011. Transmittal No. 86 notified the HealthChoice Managed Care Organizations (MCOs) and the DC hospital providers about the implementation of COMAR 10.09.06.03(B)(9). The regulation originated with a budget action enacted during the 2011 legislative session that reduced Medicaid funding for DC hospitals in FY 2012. In Transmittal No. 86, the Program stated that under this regulatory provision, the MCOs were required to pay all of their participating DC hospital providers the same rate as paid by the Medicaid Fee For Service (FFS) Program and the DC hospitals were required to accept this rate from all MCOs as a participation requirement for the fee-for-service program.

After careful consideration of the budgetary purpose of COMAR 10.09.06.03(B)(9), the Program has determined this regulation is not binding on the MCOs to pay any more than they were paying prior to the implementation of the regulation. The legislature's intent in the budget, was to save money by discouraging hospitals from seeking reimbursement rates from the MCOs above Medicaid FFS levels. COMAR 10.09.06.03(B)(9) only requires the DC hospitals to accept the FFS rate in order to maintain their status as a participating provider in fee-for-service. The only exception that would permit a DC hospital to remain as a participating provider in FFS will be if there is a contract for a mutually agreed upon alternative rate arrangement that was executed on or after July 1, 2011. The legislature did not intend in the FY 2012 budget, to add expenses to Medicaid by voiding a contract between an MCO and a hospital at a rate below Medicaid FFS. This means that the Program will not take a position on contracts between MCOs and DC hospitals at contractual rates below Medicaid FFS, and the parties to those contracts should review their options as they deem appropriate.

If you have any questions, please contact Susan Tucker at 410-767-1430.