

LOCAL COMMISSIONERS MEMORANDUM

DSS-4037EL (Rev. 9/89)

Transmittal No: 99 OMM LCM-001

Date: June 21, 1999

Division: Office of Medicaid
Management

TO: Local District Commissioners

SUBJECT: Change in Method of Reimbursing Child Care Agencies for the
Costs of Certain Drugs

ATTACHMENTS: I. Letter to Child Care Agencies regarding Child Care
Agency Drug List (not available on-line)
II. Letter to Pharmacists regarding Child Care Agency
Drug List (not available on-line)
III. Child Care Agency Drug List (not available on-line)

Children placed with child care agencies have experienced serious problems accessing newer, expensive drugs used to treat a variety of medical conditions such as HIV and serious emotional disturbance. We have determined that the current system of child care agency reimbursement (fixed per diem rate based on actual cost with a two-year lag in rate adjustment) inhibits child care agencies from providing the most effective drug treatments to foster care children placed in their care. The state is addressing this problem by allowing fee-for-service reimbursement of a list of newer, expensive drugs outside of the child care agency rate methodology. A similar policy has been in place for nursing homes since 1994. The drugs on the list will no longer be the financial responsibility of the child care agency, and will, instead, be billed directly to Medicaid by community-based pharmacies.

This change in policy impacts only those children placed with authorized child care agencies and for whom the child care agency is paid a Medicaid per diem. Children under the direct care of the local social services commissioner and whose medical services are provided through the fee-for-service Medicaid system and those children determined by the local commissioner to be best served through Medicaid Managed Care are not impacted by this policy.

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This Department will send the accompanying letter to all child care agencies enrolled in Medicaid. The child care agencies in turn, are expected to share the letter addressed to pharmacist along with the Child Care Agency Drug List with those pharmacists who provide services to their children.

Questions about this policy may be directed to the Office of Medicaid Management Local District Liaison for your county.

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