Rosmond Dolen, JD
Director of Regulatory Affairs

Thomas McMahan
Executive Director, Medicaid Oversight Branch
Department of Medicaid Services
275 E. Main
Frankfort, Kentucky 40621

May 16, 2014

RE: Letter of Concern: Follow Up Pharmacy DME Letter of Concern

Dear Mr. McMahan:

On behalf of WellCare of Kentucky, Inc., ("WellCare") I am responding to your letter received May 14, 2014 in which the Department of Medicaid Services, the ("Department"), communicated guidance regarding reimbursement for Durable Medical Equipment (DME) billed through a pharmacy for Medicaid recipients whom are Qualified Medicaid Beneficiaries.

WellCare appreciates the opportunity to bring its reimbursement practice in line with the communicated guidance. WellCare proposes the following updates to ensure practices meet the Department's expectations:

1. *WellCare will develop a coding change to prevent the QMB eligible members receiving SSI benefits from being assessed a copay.* Currently WellCare uses the copay indicator that comes through the 834 eligibility file that identifies members with copays. For some excluded populations, such as pregnant women or foster care children, these members are identified by using the program status codes and either a "PRG" or "FST" indicator on the state file. QMB eligible members are identified using the "ZZ" program code as indicated on the Department's letter.

   WellCare will employ both a short term and long term solution to this issue:

   Short term solution:
   In order to identify the QMB members with SSI benefits, WellCare will create a mock 834 eligibility file for these members to process through the enrollment channel and update the copay field. We anticipate that the development and testing process required to implement this change is expected to take approximately two (2) weeks.

   Long Term solution:
   Our long term solution will be to modify our existing business logic to leverage the "ZZ" codes in addition to the copay indicator. WellCare anticipate that this process of development and testing will take approximately six (6) weeks.

Office Address: One Triton Office Place, 13551 Triton Park Boulevard, Suite 1800, Louisville, KY 40223
Mailing Address: One Triton Office Place,13551 Triton Park Boulevard, Suite 1800, Louisville, KY 40223
Telephone: 1-502-253-5101 | E-mail: rosmond.dolen@wellcare.com

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2. *WellCare will adjust all services going* back two (2) years from the date of Department's letter dated May 2, 2014. This will be performed over two (2) phases described below. WellCare expects that all providers that received adjusted payments will return the copay amount to any member that paid out of pocket for services.

   Pre-Configuration Claims Adjustment:
   WellCare will identify all claims for SSI QMB members in which a Medicaid copayment was assessed against the member's service. Adjustments to all claims affected going back two (2) years from May 2, 2014, with interested, will be performed.

   Post-Configuration Claims Adjustment:
   Approximately thirty (30) to sixty (60) days following the long term configuration solution, WellCare will identify any additional claims for SSI QMB members in which a Medicaid copayment was assessed against the members service. Adjustments to all claims affected going back two (2) years from May 2, 2014, with interested, will be performed.

The steps above are reiterated in an Internal Action Plan ("IAP") document attached to this letter and are based on intensive planning within the two (2) day window allotted by Section 39.4(B) of the Medicaid Managed Care contract. In the event that the steps identified change, based on further diligence, WellCare will send an amended plan indicating steps to address the member copay assessment and provider restitution.

WellCare sincerely appreciates the guidance provided by the Department and will ensure appropriate steps are taken to address this issue.

Please contact me if you have any further questions.

Sincerely,

Rosmond Dolen

Rosmond Dolen, JD

Cc: Kelly Munson, State President Kentucky
Ben Orris, COO Kentucky
Lawrence Kissner, Commissioner, Department of Medicaid Services
Christina Heavrin, General Counsel, Cabinet for Health and Family Services
Lee A. Guice, Director of Policy and Operations, Department for Medicaid Services
Elizabeth Justus, Managed Care Oversight, Department for Medicaid Services

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WellCare

Internal Action Plan for DME Crossover Letter of Concern
Received: May 2, 2014

To address reibmursement methodology and copay status for QMB dual eligible members receiving SSI benefits.	**Repeat Deficiency?** **No**

	Step Action	Complete?	Target Completion Date or Actual Completion Date	Responsible Department
	Step Actions Currently Undergoing Completion			
1	*WellCare will develop a coding change to prevent the QMB eligible members receiving SSI benefits from being assessed a copay.*	*No*	*Jun-14*	*Enrollment*
1.a	*Short term solution: In order to identify the QMB members with SSI benefits, WellCare will create a mock 834 eligibility file for these members to process through the enrollment channel and update the copay field. We anticipate that the development and testing process required to implement this change is expected to take approximately two (2) weeks.*	*No*	*Jun-14*	*Enrollment*
1.b	*Long Term solution: Our long term solution will be to modify our existing business logic to leverage the "ZZ" codes in addition to the copay indicator. WellCare anticipate that this process of development and testing will take approximately six (6) weeks.*	*No*	*Jul-14*	*Enrollment:Configurations*
2.a	*Pre-Configuration Claims Adjustment: WellCare will identify all claims for SSI QMB members in which a Medicaid copayment was assessed against the members service. Adjustments to all claims affected going back two (2) years from May 2, 2014, with interested, will be performed.*	*No*	*Jun-14*	*Claims*
2.b	*Post-Configuration Claims Adjustment: Approximately thirty (30) to sixty (60) days following the long term configuration solution, WellCare will identify any additional claims for SSI QMB members in which a Medicaid copayment was assessed against the members service. Adjustments to all claims affected going back two (2) years from May 2, 2014, with interested, will be performed.*	*No*	*Sep-14*	*Claims*