CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES

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To: Hospitals and Physicians
Provider Type 01 and 64
Provider letter A-248 and A-372

October 16, 2012

RE: Newborn assignment to MCO

Dear Medicaid Provider,

When we initiated the managed Medicaid program on November 1, 2011, we built an "assignment algorithm" that would assign members to the most appropriate Managed Care Organization (MCO). This assignment algorithm took into consideration important factors such as provider network, keeping the family together under the same MCO, continuity of care, and equitable distribution of participants among the MCO's. Unfortunately, we discovered a problem with the assignment algorithm whereby newborns were not automatically assigned to the same MCO as their mother. The purpose of this letter is to communicate this issue and to inform you of the changes that will take place in order to rectify the situation.

We have reviewed all newborns from November 1, 2011 through April 30, 2012 and found 1,321 newborns that have not been assigned to the same MCO as their mother. This represents a mis-assignment error rate of approximately 10% on the newborns during the six-month timeframe in question. To rectify this issue, the Department of Medicaid Services (DMS) is going to reassign these newborns to the correct MCO as of the newborn's original effective date. As a result, DMS will recoup capitation payments from the previously assigned MCO's and send them to the appropriate MCO. In addition, the MCO will recoup claim payments from the affected providers on newborns that have been reassigned to another MCO and be responsible for paying all eligible expenses on the newborns recently assigned.

The bottom-line is we are truly sorry for the inconvenience associated with this membership adjustment. The downstream effect is a reversal of premium and claims on 1,321 newborns. We enhanced our assignment algorithm in April and prevented this assignment error from continuing, but now need to clean up the first 6 months. Ultimately, the family unit will be better served by having the mother and child unified under the same MCO, which is the right thing all around.

Sincerely,

Lawrence Kissner
Commissioner