

February 12, 2009

Section 506 Medicare Modernization Act

On July 1, 2007, Federal legislation became effective limiting reimbursement rates for certain types of services provided to American Indians and others.

The law (See §42 CFR 136) requires all Medicare-participating hospitals that furnish inpatient services to accept Medicare-like rates as payment in full for services provided to American Indian patients and others who are authorized by Contract Health Services (CHS), a program of the Indian Health Service.

Services affected by this legislation

The law applies to a wide range of services provided by Medicare-participating inpatient facilities. However, the law specifically excludes free-standing ambulatory surgery centers, surgical centers, physician services, services of independent practitioners, independent laboratories, services or supplies not covered by the Medicare program, services of a renal dialysis facility, home health services, and hospice services – unless those services are provided by a Medicare-participating inpatient facility.

How the rates are applied

Under the law, the Medicare-like rates apply to services authorized by CHS for American Indians and others specifically determined to be eligible under CHS rules. The rates do not apply to services reimbursed by the Tribal self-insured plan. To reduce redundant paperwork and facilitate application of the appropriate rates, some Indian Tribes have contracted with CCStpa to administer both their self-insured health plans and the CHS services subject to Medicare-like rates. For providers this means submitting one bill to CCStpa and receiving payment under the appropriate plan on the same provider remit. For services that are reimbursed under the Medicare-like rates, there will be no year-end settlement or coordination of benefits.

Identifying claims paid

Provider remits will indicate **Paid on behalf of CHS** for any service reimbursed at Medicare-like rates. Patient EOBs will indicate **Paid on behalf of CHS**.

Submitting claims

Authorized Tribal members will have ID cards that include the denotations that they are CHS Eligible and that CHS Medicare-like Rates apply. The back of the ID card will include the claims submission and contact information. For eligibility information, contact the appropriate CHS office directly.

Questions?

If you have questions, please contact provider service at **(651) 662-5940** or **1-800-365-2735**.