

General Provider Communication

Maricopa County Regional Behavioral Health Authority
Magellan Health Services of Arizona, Inc.



June 4, 2009

Dear Provider,

Over the last several months, Magellan Health Services of Arizona and the provider community have continued to problem-solve budgetary challenges. In anticipation of the July 1, 2009 start of a new fiscal year, we would like to provide a status update on funding information in general, as well as implications for FY2010 provider funding.

We communicated to you in March the changes effective July 1, 2009 related to funding reconciliation. Excluding Adult PNOs and crisis services, all contracted providers will be required to reconcile encounters and claims at the funding silo level (T19, T21, non-title 19 (NT)). This is a change from the current requirement that requires claims/encounter at 100% (95% for children's PNOs) of aggregate funding. The revised standard funding terms will be sent to you early next week and will be posted on www.Magellanofaz.com. These terms will be effective July 1, 2009. For providers whose contracts contain non-standard funding terms, this is your notice that effective July 1, 2009 your encounters/claims must be reconciled at the funding silo level. The changes to the non-standard terms will be made in the next contract amendment with an effective date of July 1, 2009.

Regarding overall 2010 funding, we have not received final funding information from ADHS/DBHS for any category. We continue to expect significant reductions in the non-titled funding categories in addition to possible funding reductions in the Medicaid rates. It is important that we make reductions that support the system operating within available NT resources. Effective July 1, 2009, we will make reductions to monthly provider payments equal to any annualized reductions received in FY09 plus necessary reductions to operate our system within available resources. We will know more about the size of the reductions in the next couple of weeks. Reductions made July 1, 2009 will continue until 30 days after the final FY2010 funding information is received from the ADHS/DBHS. This will allow Magellan to conduct the necessary analysis and reconciliation to determine funding amounts for the remainder of FY2010 and then complete provider contracting.

While we await final funding amounts for FY2010, we want providers to continue preparing for funding reductions. We have been meeting and talking with providers about several operational steps to take now that include:

1. Identify any/all recipients that your agency is serving who are currently non-titled and conduct an AHCCCS eligibility screening
2. For those who may be eligible according to the screening, coordinate with the recipient to submit an AHCCCS application
3. Identify natural supports and community resources that are available to meet recipients needs and facilitate transition to these supports as clinically appropriate
4. Identify the non-titled/non-SMI recipients that are SAPT (Substance Abuse Prevention and Treatment) block grant priority populations.

Magellan continues to work with providers and DBHS to analyze the impact of any further reductions in NT resources. Within the budget framework, our goals remain the same, to minimize service disruption, to operate within available resources, and to preserve our continuum of service to the extent possible.

We appreciate your working with us to plan ahead during this difficult time and value your role in the behavioral health system. Additional communication will be forth coming as we learn more about final budget decisions.

Sincerely,

Richard T. Clarke, Ph.D.
Chief Executive Officer
Magellan Health Services of Arizona