



FY 2012 LHD Contracts

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CH-53M

**Local Health Department
Independent Contractor Agreement**



CH-53M

Most common problems

- Third Party Billing (TPB) language
- Wording
- Payment amount
- Multiple Contracts
- Billing issues onsite/offsite
- Provider numbers
- KWCSP requirements
- 260 and 205 provider numbers



Contract Requirements

- Service Type
- Contract Description
- Provider Credentials
- Scope of Work
- CH-55
- Compensation/Payment
- Billing Procedures



Service Type

Examples include, but not limited to:

- APRN Services,
- Radiological Services,
- Lab Services,
- Interpreter,
- Physician Services,
- Administrative Services and
- Cancer, Family Planning, Prenatal



Contract Description

A detailed description of the services is required.



Provider Credentials

Example:

Dr. Jones is a licensed physician in the state of Kentucky. Credentials will be kept on file and updated on a yearly basis or as changes arise.



CH-55

Attach Medicaid Statement of Authorization (CH-55) for each medical provider under contract that the LHD is billing Medicaid for services provided.

For example, a physician performing services on-site would complete a CH-55.

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CH-55

AFM **strongly recommends** if the Contractor is a Medicaid provider, that the Contractor bill for the services done at their site. (OFF-SITE)

If the Contractor bills Medicaid, the CH-55 **does not need** to be included with the agreement.



CH-55

For those LHDs who contract to bill Medicaid on behalf of a Contractor, the CH-55 **is required** and **shall** be attached to the CH-53M.

When the Contractor signs the CH-55, they are allowing the LHD to bill Medicaid for the services they provide. This authorization from the Contractor should help prevent duplicate payments due to the health department and provider both billing Medicaid for the same services.



Provider to bill third party

If the LHD contracts with a Provider to be the third party biller:

- This includes patients that are provided services by the Contractor at the contractor site, who have insurance, Medicaid, Medicare, etc. (with the exception of Lab services).
- For CPT codes not listed on the DPH Medicaid Preventive Fee Schedule, the LHD will not receive payment from Medicaid.



Provider billing, continued

- If there possibly will be CPT codes not billable by LHDs to Medicaid or other third party plans, the LHD should not agree to bill on behalf of the contractor.
- If the LHD is responsible for billing the third party payors, the contractor should not bill third party payors.



CH-55

The CH-55 can be found on the L drive in the CONTRACTS12 folder.



Onsite/Offsite services

LHDs who have a Contractor come on-site to deliver services, but the Contractor does their own third party billing for services not provided at the LHD, those LHDs would need two (2) provider numbers.

For example, a provider number is needed if the health department is responsible for the billing when a doctor performs services onsite (20111). Another provider number is needed if the same contractor is responsible for the billing if a service is performed offsite (20112).



Third Party Billing

The contract **MUST** include a “Y” or “N” at the top of the page **AND** language **IN** the contract stating who is responsible for the TPB.

See example on next slide.

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Third Party Billing

- If “Y” is marked at the top of the page –
 - State in the contract “The contractor will be responsible for billing all third parties”.
- If “N” is marked at the top of the page -
 - State in the contract “The contractor will not be responsible for billing all third parties”.



Third Party Billing

Please review the WHOLE contract for third party billing language. Whether the contractor is responsible for the TPB **MUST BE CONSISTENT** throughout the contract.

If the language is missing or is inconsistent, the contract will be sent back for a revision.



Third Party Billing

If there is more than one contract included with the lead contract, TPB language is required for every contract number. For example, if the contract has numbers 20101 and 21501, a sentence is required concerning TPB responsibility under EACH contract number.

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Wording/Titles

In the CH-53M template, the parties to the contract are identified as “Health Department” and “Contractor” . To make the contract enforceable, the body of the contract should refer to the parties as identified as Health Department and Contractor.

See example on next slide.



Example- Refer to page I of the contract

THIS CONTRACT, between

(Health Department)

Health Department
Address
City, State, Zip Code

and

(Contractor)

Contractor's Name
Address
City, State, Zip Code

is effective {date } and ends {No later than June 30}, 2012.

**USE THE TITLES “Health Department” and
“Contractor” THROUGHOUT THE CONTRACT.**



Example

Dr. Smith agrees to furnish the **ABC Health Department** copies of the prenatal office visit records.

WRONG

The **Contractor** agrees to furnish the **Health Department** copies of the prenatal office visit records.

RIGHT



Payment Information

Without an amendment, total payments (CH-53M) can be 20% greater than the total contract.

See example on next slide. Refer to last page of CH-53M template.

Example

(1) This Payment made under the terms of each section of this contract shall not exceed:

<u>Contract Section #</u>	<u>Amount</u>
---------------------------	---------------

20112	\$10,000
24510	\$10,000

- (2) For the services described in this contract, the Health Department agrees to pay the Contractor in the following manner, within 90 days, payable upon receipt of appropriate billing.
- (3) The total payments made under the terms of this contract shall not exceed \$24,000

$$(\$10,000 + \$10,000) \times 1.2 = \$24,000$$

Payment in #3 cannot exceed \$24,000

Contract Numbers

(I) This Payment made under the terms of each section of this contract shall not exceed:

<u>Contract Section #</u>	<u>Amount</u>
---------------------------	---------------

20112	\$10,000
24510	\$10,000

When entering the information in #I on the last page the CH-53M contract, enter the contract number(s), not Cost centers. Refer to example above.



Multiple Contracts

Question – Can there be more than one contract with the same contractor?

Answer – Yes. The health department will have a lead contract and the others will be attached. Third party billing language must be included for EACH contract. See previous slides concerning third party billing.



Information Page

- Please remember to save the information page on the L drive.
- Please use the information page template or the saved copy on the L drive.



Labs

The independent contractor will be responsible for billing all third parties for lab services (201 and 250 provider codes).



Supplemental Reporting

When the contracted provider bills third party payors, there are some services that DPH requests LHDs to report through the Supplemental Reporting System to attain necessary federal & state data information.



Supplemental Reporting

Some of those services include: mammograms, breast ultrasounds, paps, HPV tests, Lead tests, etc. The Supplemental Reporting document (CH-47) is to be used to report these services. It can be found on the Local Health webpage at <http://chfs.ky.gov/dph/info/lhd/lhob.htm> and also on the L drive located in Contracts\2 folder.



Supplemental Reporting

Instruction information for the Supplemental Reporting can be found in the AR, Volume I, PSRS, page 74.

Provider numbers

Only use PROVIDER NUMBERS 201-260 for medical services contracts. DO NOT use the 301-315 minor object codes. If the 300 minor object codes are used for medical services (1211030115), the contract will be sent back for revisions.

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202 Provider number

When requesting a 202 provider number, the OB/GYN should be Board Certified.



260 and 205 provider numbers

When reporting CPT code W0166, a 260 provider number is required.

When reporting anesthesia codes, a 205 provider number is required.



Contracts not exceeding \$5,000

“Written contracts are not required for provider’s medical and dental services that do not exceed \$5,000 with independent contractors. This will include providers who do 201, 202, 204, 205, 211, 215, 217, 220, 221, 225, 227, 245, 250 and 260 services.”

AR, Volume I, Financial Management, pg 17
902KAR 8:170, Section 7, (3)(b)

Other Issues/Contracts





CH-51 Requirements

- Service type
- Contract description
- Provider credentials
- Scope of work
- Compensation/Payment
- Payment time period
- Contract value
- Retirement issue

CH-51

Please remember to mark whether the employee is receiving retirement benefits or not on the last page of the contract. Review example below.

The Employee certifies that he/she is ___ or is not ___ receiving any retirement benefits from the Kentucky State Employees Retirement System or any other retirement system supported either fully or partially by the Commonwealth of Kentucky.

Can Contract Employees work more than 1,200 hours?

YES: With the approval of DPH, per 902 KAR 8:170 Section 7, 4(c). Retirement and insurance may impact the cost to LHD and employee. If a retiree that participates in KRS, were to average more than 1,200 hours per year (fiscal or calendar), the LHD would pay into retirement, not the employee.



1,200 hours, cont.

ALL RETIREES should check with the KRS before entering into a contract to protect their retirement benefits.

Entering into the contract too early could jeopardize their retirement.



1,200 hours, cont.

If an employee works 1,200 or more hours per year or a pattern of 100 hours per month is established, the agency will be responsible for retirement and insurance benefits.

Please remember to mark whether the employee is receiving retirement benefits or not on the last page of the CH-51 contract. Please refer to a prior slide for the example.



Contracting with Individuals

While the conservative method to contract with an individual is to use the CH-51, Employment Contract, employees should not contract with more than one LHD. If the individual is working at more than one LHD, one LHD should contract with the employee and subcontract the employee's services out to other LHDs.



Contracting with Individuals

902 KAR 8:170, Section 7 (4b)

Cannot Eliminate a FT Merit position

902 KAR 8:160, Section 3, 2d

Multiple Agency contracting



Where are the templates located?

The most recent templates are located at:

L:\LHDBudgets\CONTRACTS\2



Why are there shaded areas in the templates?

The shaded areas need to be filled in by the health department. They contain reminders and suggestions for wording and/or content.

CH-52

- A CH-52 was created by DPH to provide a standardized template as it relates to 902 KAR 8:170(13a) “A local health department may enter into a contract with a public or private entity to provide needed health services .A standard contract form may be used for these types of contracts.”
- CH-52 is used for agreements between LHDs & Boards of Education **and** for Payor Code 8 agreements.



Payor Code 8

- Payor Code 8 Agreements should be between the LHD and a public or private entity.
- Payor Code 8 Agreements should never be with an individual, unless they are the public or private entity.
- Through Payor Code 8 Agreements, LHDs have the ability to negotiate rates for services with the public or private entity.

Payor Code 8

- A Business Associate Agreement (BAA) should also accompany the initial Payor Code 8 Agreement.
- Payor Code 8 Agreements shall be completed on a fiscal year basis; **after the initial BAA, another would not need to be completed unless there is a significant change.**

Payor Code 8

- A Payor Code 8 Agreement **shall** be completed **prior** to providing services.
- LHDs should assign a Contract Code for each entity with whom they have a Payor Code 8 Agreement
- Contract Codes should be entered into the “CnctC” field on PEF entry and “P8” should be entered in the over-ride section for each CPT code.

Payor Code 8

- Rates negotiated by the LHDs that are “higher” than the system assigned rates may be over-ridden without submitting a request to AFM.
- A rate is required for services rendered and an appropriate audit trail should be documented. Invoices **shall not** be setup as “0”.

AR, Volume I, Financial Management, pg 12



Administrative Reference

Contract information can be found in
Volume I, Financial Management



Personal Service Contracts

One of the powers of local health departments is to contract for services of a professional or technical nature not available through the local health department merit system. The two types of personal service contracts are Payroll/Employment (CH-51) and Independent Contracts (CH-53M).



Personal Service Contracts

If a contract with an individual is submitted, and the services are available through the LHD Merit system, the contract will not be reviewed and the health department will be instructed to obtain the services through the LHD Merit System.



Amendments

Amendment templates for the contracts can be found on the L drive.

In order to review an amendment, the original contract will need to be reviewed first. Even if it is less than \$10,000.

Please make sure all contracts that are less than \$10,000 have been saved on the L drive.



When are contracts due?

No later than May 1 of each year.

School contracts are due No later than April 22, unsigned.



Red Flag Program Clarification Act of 2010

- A bill to amend the Fair Credit Reporting Act with respect to the applicability of identity theft guidelines to creditors.
- Otherwise known as Red Flags Rule.
- This bill was signed by President Obama and became law.



Red Flags Rule

Therefore, the Red Flags Rule is not required in the FY12 contracts.

Delete the Red Flags Rule paragraph from the FY11 contracts.



Red Flags Rule

The Contractor, and all its agents, employees and subcontractors, shall adhere to and comply with any and all applicable requirements of Section 114 of the Fair and Accurate Credit Transactions Act of 2003 (15 U.S.C. 1681m (e)); the administrative regulations promulgated thereto, including but not limited to 16 C.F.R. Part 681 (the “Red Flags Rule”); and any written identity theft prevention program developed and implemented by the Local Health Department and/or the Kentucky Department for Public Health. Additionally, the Contractor shall indemnify and hold harmless the Local Health Department, the Kentucky Department for Public Health, and their agents, representatives, officers, directors, employees, insurers, successors, and assigns from and against any and all expenses, costs (including attorneys’ fees), causes of action, liability, loss and/or damages suffered or incurred by any of them, that results from or arises out of any acts, errors, or omissions of the Contractor, or its agents, employees, or subcontractors, that violate Section 114 of the Fair and Accurate Credit Transactions Act of 2003; any administrative regulations promulgated thereto, including but not limited to the Red Flags Rule; or any written identity theft prevention program developed and implemented by the Local Health Department or the Kentucky Department for Public Health.

How should the contract be filed?

The final FY 11 contract will be saved on the L drive in the health departments budget 11 folder, contracts 11 folder.

Use this as your template for FY12 contracts. Make sure to update the contract number, effective date, delete the Red Flags Rule and use revised program templates. Once you have completed the contract, save in the Budget 12 folder, Contracts 12 folder and contact Tammy Page via e-mail.

tammy.page@ky.gov

Saving contract

When saving the contract on the L drive, name it the contract number. For example, 1211120120.doc would be the correct way to save the contract. DO NOT include the word “FINAL”. DO NOT save the contract as the name. For example, Dr. Jones contract.doc is not the correct way.

Filing contracts

Please DO NOT e-mail your contracts. If you have any questions concerning this procedure, feel free to contact me at 502-564-6663, x-3259 or e-mail at tammy.page@ky.gov

Always e-mail when a new contract has been placed on the L drive.



What if my contract is less than \$10,000

The Administrative Reference states
“Contracts must be prepared and executed on amounts of \$9,999.99 or less when required by 902 KAR 8:170.”

However, all contracts, regardless of amount should be saved on the L drive. A folder titled “Less than \$10,000” has been created on your L drive.

Less than \$10,000

The Administrative Reference **REQUIRES** that the health department send a list of contracts that are less than \$10,000 with the following information:

- Provider name,
- Contract number,
- Who is responsible for the Third Party Billing (not a yes or no)
- Cost Center

Example

Contract #	Provider Name	Cost Center	Amount	TPB
20101	Doctor	718,813	\$4,500	HD
20205	Doctor	813	\$3,500	Contractor
24502	Radiology	803,813	\$8,000	Contractor
25010	Lab	813	\$3,500	Contractor

Less than \$10,000

The prior example will not be required if the LHD enters the third party billing information in the Budget12/HID-12 Contracts spreadsheet. Enter the third party information in the spreadsheet tab titled “Input – Contracts”. The spreadsheet requires that the LHD either enter that the LHD or the Contractor is responsible for the billing. DO NOT enter yes or no.

	\$ 2,000	ENTER WHO IS RESPONSIBLE FOR THIRD PARTY BILLING - HD OR CONTRACTOR
MINOR OBJECT ACCOUNT (MO)	TOTAL CONTRACT	

20100	201 - PHYSICIAN NOT OB/GYN SERVICES	\$ 500	HD
20115	201 - PHYSICIAN NOT OB/GYN SERVICES	\$ 1,500	Contractor



Board of Health Member Contracts

If a contracting medical professional is a governing board of health member, then an automatic exception to the conflict of interest provision of the contract policies is made if the annual amount will not exceed \$2,000.

AR, Volume I, Financial Management, pg 17
902 KAR 8:170, Section 7, (7) (a) 4(b)



Board of Health Member Contracts

- Contracts exceeding \$2,000 must be approved by the Commissioner of the Department for Public Health. A letter or justification indicating the necessity and rationale for contracting with a board member must be submitted to the Commissioner of DPH with the proposed contract.

AR, Volume I, Financial Management, pg 17



Board of Health Member Contracts

Please refer to the Administrative Reference and 902 KAR 8:170, Section 7,7.

Please contact Dr. Davis, Deputy Commissioner of Department for Public Health for additional questions.

Reminders

Before saving the contract to the L drive, check the following:

- Minor Object Code – for example, 250 is for labs.
- Effective dates – for example, July 1, 2011-June 30, 2012.
- Payment amounts – please refer to earlier slides
- Delete Red Flags Rule if using FY11 contract as template.



Corrections

When making corrections, please replace the old contract with the corrected contract. There should only be ONE copy of each contract on the L drive. DO NOT keep the original and a revised version of the contract on the L drive.

NEVER save the contract as “FINAL”



HIPAA

All contracts continue to have the HIPAA language. However, be sure to have a Business Associate Agreement completed with ALL vendors. If you completed a BAA last year, it is not required that you do a new BAA.

Examples include custodial services, auditors, physicians, hospitals, etc.

Do Nots

- **Do Not** include Social Security numbers on the contract.
- **Do Not** create a new Contracts folder. Use the Contracts I 2 folder that has been created by LHO. When new folders are created, it is difficult to find the contracts.

DO NOTS AGAIN

- **THIS IS WORTH REPEATING**
- **Do Not** create a new Contracts folder. Use the Contracts I 2 folder that has been created by LHO. **Do Not** create “Sub Folders” within the Contracts I 2 folder. When new folders are created, it is difficult to find the contracts.



Provider Numbers

- Contract provider numbers are assigned by LHO. Contact Tammy Page by e-mail for new provider numbers or to update the provider name.
- Assigned by LHO ONLY.

AR, Volume II, Patient Services Reporting System (PSRS), pages 131 and 133



Website

For information concerning the FY12 contracts, please visit the following website:

<http://chfs.ky.gov/dph/2012+Contract+Information.htm>

and click on “2012 contract information documents” on the right.

If all else fails!

Contact Tammy Page and/or Janet Overstreet at 502-564-6663.

