

Questions or Assistance?

If you have further questions about this alert, please feel free to contact one of the following members of our Health Law Practice Group.

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DSS Releases Proposed Medical Foundation Regulations

On November 15, 2011, the Connecticut Department of Social Services (“DSS”) published proposed regulations addressing reimbursement to medical foundations for professional services provided to Medicaid beneficiaries (the “Proposed Regulation”).

I. Medical Foundations.

Connecticut Public Act 09-212, An Act Concerning Medical Foundations and Medical Group Clinic Corporations (the “Act”) became effective on July 1, 2009 and permitted hospitals and hospital systems to create medical foundations in the State of Connecticut. Specifically, the Act permits a hospital or health care system to become a member of a medical foundation for the purpose of providing professional medical, chiropractic, or podiatric services. For additional information regarding the Act and the medical foundation model, please refer to Shipman & Goodwin’s August 2009 client alert on this topic available at <http://www.shipmangoodwin.com/recent-law-establishes-medical-foundation-option-for-hospitals-and-health-systems-08-14-2009/>.

II. The Proposed Regulation.

The Proposed Regulation permits a medical foundation to bill DSS for goods and services provided to Medicaid beneficiaries and permits DSS to pay for such goods and services, provided that the medical foundation has obtained DSS’s approval in advance. Approval requires the medical foundation to demonstrate to DSS’s satisfaction that mechanisms are in place to ensure that there will be no duplicate billing to or payment by DSS relating to the provision of goods or services to Medicaid beneficiaries.

Once approved, and within 3 months after the medical foundation begins billing DSS, (and as requested by DSS from time to time thereafter), the medical foundation must demonstrate to DSS that no duplicate billing is occurring. For purposes of this requirement, duplicate billing includes, but is not limited to, claims for costs associated with related party transactions between the medical foundation, the hospital or other related parties resulting in DSS paying more than once for the same physician services.¹

Hospitals, physician groups and other interested parties can submit comments on the Proposed Regulation to DSS no later than December 15, 2011.² If you have any questions or would like additional information regarding medical foundations, including establishment or billing, please contact our Health Law Practice Group for advice.

1. “Related Parties” means persons or organizations related through an ability to control, ownership, family relationship or business association and includes persons related through marriage.
2. Comments may be submitted to the Department of Social Services, Office of Legal Counsel, Regulations & Administrative Hearings, 25 Sigourney Street, Hartford, CT 06106, Attention: Brenda Parrella, Director. When submitting comments, reference Regulation Control Number 11-02/JM.