



JEB BUSH, GOVERNOR

RHONDA MEDOWS, M.D., SECRETARY

January 28, 2002

Dear Hospital Provider:

In the May 2001 legislative session, the Florida Legislature provided the Agency for Health Care Administration (AHCA) with the authority to implement a prior authorization program for Medicaid inpatient hospital admissions. Florida Medicaid will implement a prior authorization program for most Medicaid inpatient admissions for medical, surgical, and rehabilitative services which is distinct from the prior authorization program in place for psychiatric admissions. The purpose for prior authorizing inpatient admissions is to ensure that admissions and services are medically necessary. The new inpatient prior authorization program will involve concurrent review of admissions and inpatient stays, thus, rendering obsolete the necessity for retrospective reviews.

The Agency for Health Care Administration has contracted with the Keystone Peer Review Organization (KePRO South) of Harrisburg, Pennsylvania, to perform prior authorization, admission and concurrent review functions for the state's Medicaid inpatient hospital program. Currently, KePRO South, Medicaid, and the hospital industry are working together to implement the new Medicaid inpatient prior authorization program.

The prior authorization program will be implemented with admissions on and after March 1, 2002. In January 2002, KePRO South conducted five hospital provider seminars to instruct and train providers on the new inpatient prior authorization process. Also in January, KePRO South tested the new program with a selected group of hospital providers. In February 2002, KePRO South will conduct statewide testing of the new inpatient prior authorization process. KePRO South is sharing implementation details with the Florida Hospital Association. Additional information is available on the KePRO South website at www.keprosouth.com and on the AHCA website at www.fdhc.state.fl.us on the Medicaid link.

In the attachment, please find a listing and explanation of all inpatient encounters and recipient groups subject to or exempt from the new prior authorization requirement, billing procedures, and other pertinent information. It is essential that the information contained in this letter and its attachment is shared with the appropriate hospital staff handling Medicaid inpatient admissions, utilization review, and billing personnel. Hospital personnel involved in the process must comply with the new Medicaid prior authorization requirements beginning on March 1, 2002.



Hospital Provider
Page Two

It is important to note that the transmission of prior authorization requests and determinations to and from KePRO South will be performed through an enhanced secure internet system. The enhanced internet security system will allow transmission of information between KePRO South and the fiscal agent, and between KePRO South and the hospitals. For those hospital providers who do not yet have internet capability, the method of transmission of information between the hospital and KePRO South will be via the FAX machine. All hospitals will be required to have secure internet capability by January 1, 2003.

The implementation of the new inpatient medical prior authorization program is a significant change for both hospital providers and Medicaid and will require much coordination and concerted effort on the part of all involved. Barring normal startup adjustments in transitioning to the new process, Medicaid and KePRO South expect a smooth implementation once hospitals become familiar with the process.

Please note that KePRO South is currently building a website which will contain pertinent prior authorization information for hospital providers. As noted above, the KePRO South website is www.keprosouth.com. Medicaid is also creating a website for quicker and continuous relay of inpatient medical prior authorization information to hospital providers and other interested parties. Providers will be informed of the website address as soon as it is available.

If you have further questions, please contact KePRO South at (813) 287-5020, or Nedra Mansager, AHCA Registered Nurse Consultant, at (850) 921-8288, or Ouida Mazzoccoli, AHCA Medical Health Care Program Analyst, at (850) 922-7351.

Sincerely,

Bob Sharpe
Deputy Secretary for Medicaid

BS/om

Attachment

Cc: Hospital Utilization Review Case Manager
Hospital Office of Compliance
Hospital Patient Financial Services
Florida Hospital Association, Kathy Reep,
Area Medicaid Offices 1-11