PART C SERVICES FINANCIAL SYSTEM OF PAYMENTS

Introduction

Kansas may use Federal and State funds for activities or expenses that are reasonable and necessary for implementing the state-wide Kansas Infant Toddler Services. “Reasonable and necessary” activities or expenses include funds (1) for direct Part C services for eligible children and families “that are not otherwise funded through other public or private sources,” (2) to expand and improve services for eligible infants and toddlers with a developmental delay or disability and their families, and (3) to provide free appropriate public education (FAPE) in accordance with Part B to children with disabilities from their third birthday to the beginning of the following school year. [34 CFR 303.501(a)(b)(c)]

Local tiny-k programs are required to use the permission to bill insurance form, notification to bill Medicaid/KanCare/TRICARE, and system of payments short forms that are cited in the following KSITS system of payments information. Copies of these forms can be found in the manual’s appendices.

I. Prohibition Against Supplanting Funds [34 CFR 303.225]

Regulations of the Part C of the IDEA clarify the intent of lawmakers to ensure agencies and organizations maintain their level of financial support for Part C services.

Part C of the IDEA funds (federal) are to be used to supplement and increase the level of State and local funds expended for infants and toddlers with developmental delays or disabilities and their families. In no case are they to be used to supplant or replace those State and local funds. The total amount of State and local funds budgeted for Part C services in the current fiscal year have to be at least equal to the total amount of State and local funds actually spent for Part C services in the most recent preceding fiscal year.

State and local funds may be reduced only under the following circumstances:

1. A decrease in the number of eligible infants and toddlers.

2. The termination of costly expenditures, such as for long-term purchases, the acquisition of equipment, the construction of facilities, termination of costly services for a child due to transition at age 3, or voluntary exit from the services.

The Congress intended the enactment of Part C of the IDEA not be construed as a license to any agency (including Kansas Infant-Toddler Services and other agencies in the State) to withdraw funding for services that currently are or would be made available to eligible children but for the existence of the program under this part. Thus, the Congress intended other funding sources would continue, and that there would be greater coordination among agencies regarding the payment of costs.

The Congress further clarified its intent concerning payments under Medicaid/KanCare by including in Section 411(k)(13) of the Medicare Catastrophic Coverage Act of 1988 (P.L. 100-360) an amendment to Title XIX of the Social Security Act. That amendment states that nothing in Title XIX shall be construed as prohibiting, restricting, or authorizing the Secretary of Health and Human Services to prohibit or restrict payment for medical assistance for covered services furnished to an infant or toddler with a disability because those services are included in the child’s Individualized Family Services Plan (IFSP).
For reporting, auditing and legal purposes, Federal Part C of the IDEA funds should not be commingled (mixed) with State and local funds.

II. Payor of Last Resort [34 CFR 303.510; 303.511]

Part C of the IDEA funds cannot be used to satisfy a financial commitment for services that would otherwise have been paid for from another public or private source. Therefore, Part C of the IDEA funds may be used only for Part C services that an eligible infant or toddler needs but is not currently entitled to under any other Federal, State, local, or private source.

However, if necessary to prevent a delay in the timely provision of appropriate Part C services to an eligible infant or toddler or the family, funds may be used to pay the provider of services for services and functions authorized under Part C pending reimbursement from that agency or entity that has ultimate responsibility for the payment.

III. Use of Public Benefits or Public Insurance to Pay for Services [34 CFR 303.520(a); 303.420(a)(4)(5)]

Use of public benefits or public insurance is permissible to pay for Part C services. Parents are not required to sign up or enroll in a public benefits or public insurance program as a condition for their child and family to receive Part C services. If a child or family is not enrolled in public benefits or insurance, those sources will not be billed. Attempts by a local tiny-k program to bill for public benefits or public insurance do not automatically enroll a child or family in the public benefits or public insurance program. If a parent does not give consent to use public benefits or public insurance when it is required, the child and family will be offered the IFSP services the parent has consented to at no cost.

When using public benefits or public insurance, the following provisions must be followed:

A. Medicaid/KanCare

Parental notification must be provided prior to using public benefits or public insurance (Medicaid/KanCare) of a child or parent if that child or parent is enrolled in a public benefits or public insurance program. Parental notification must include the following:

1) A statement of No Cost Protections:
   a) There may be a decrease in available lifetime coverage or any other insured benefit for the infant or toddler or parent, if it is then parental consent for use is required. If parental consent is not given then the local tiny-k program must still make available those Part C services on the IFSP for which the parent has provided consent.
   b) Use may result in the infant’s or toddler’s parents paying for services that would otherwise have been paid for by the public benefits or insurance program, if it does then parental consent for use is required. If parental consent is not given then the local tiny-k program must still make available those Part C services on the IFSP for which the parent has provided consent.
c) Use may result in any increase in premiums or cancellation of public benefits or insurance for the infant or toddler or parents, if it is then parental consent for use is required. If parental consent is not given then the local tiny-k program must still make available those Part C services on the IFSP for which the parent has provided consent.

d) Use may risk the loss of eligibility for the infant or toddler or the parents for home and community-based waivers on total health-related costs, if it is then parental consent for use is required. If parental consent is not given then the local tiny-k program must still make available those Part C services on the IFSP for which the parent has provided consent.

e) Parents are not required to sign up or enroll in a public benefits or public insurance program as a condition for their child and family to receive Part C services.

2) A statement of the general category of costs the parent will incur as a result of participating in a public benefits or public insurance program such as co-payments, deductibles, or the required use of private insurance as the primary insurance.

(Kansas Medicaid/KanCare does not require the use of private insurance as a primary insurance source when billing for Part C services. When using private insurance, parents have no out-of-pocket costs except for insurance premiums. Co-payments and deductible amounts are not charged to the parents, since the beneficiary is a child.)

B. TriCare

If a family has both private insurance and TriCare coverage, local tiny-k programs are required to access private insurance as the primary insurance source when billing for Part C services. Parental consent must be obtained for the local tiny-k programs to bill private insurance prior to billing TriCare. Local tiny-k programs must follow policies/procedures for billing private insurance in Section IV of this document.

Notification must be provided prior to accessing TriCare as a funding source for a child or parent if that child or parent is enrolled in a public benefits or public insurance program.

Parental notification must include the following:

1) A statement that parental consent must be obtained before the local tiny-k program discloses for billing purposes a child’s personally identifiable information to TriCare. The parents have the right to withdraw their consent to disclose personally identifiable information to TriCare at any time

2) A statement of No Cost Protections:

a) There may be a decrease in available lifetime coverage or any other insured benefit for the infant or toddler or parent, if it is then parental consent for use is required. If parental consent is
not given, then the local tiny-k program must make available those Part C services on the IFSP for which the parent has provided consent.

b) Use may result in the infant’s or toddler’s parents paying for services that would otherwise have been paid for by the public benefits or insurance program, if it does then parental consent for use is required. If parental consent is not given then the local tiny-k program must still make available those Part C services on the IFSP for which the parent has provided consent.

c) Use may result in any increase in premiums or cancellation of public benefits or insurance for the infant or toddler or parents, if it is then parental consent for use is required. If parental consent is not given then the local tiny-k program must still make available those Part C services on the IFSP for which the parent has provided consent.

d) Use may risk the loss of eligibility for the infant or toddler or the parents for home and community-based waivers based on total health-related costs, if it is then parental consent for use is required. If parental consent is not given then the local tiny-k program must still make available those Part C services on the IFSP for which the parent has provided consent.

Parents are not required to sign up or enroll in a public benefits or public insurance program as a condition for their child and family to receive Part C services.

e) A statement of the costs the parent will incur as a result of participating in a public benefits or public insurance program such as co-payments, deductibles, or the required use of private insurance as the primary insurance. These costs include premiums for insurance or Tricare but do not include co-payments, or deductibles.

C. Other Public benefits (not Medicaid/KanCare or TriCare):

If the infant or toddler or parent is enrolled in any other public benefits or public insurance program, written parental consent to use the benefits is required if use of these benefits to pay for Part C services would.

1) Decrease available lifetime coverage or any other insured benefit for the infant or toddler or parent
2) Result in the infant’s or toddler’s parents paying for services that would otherwise have been paid for by the public benefits or insurance program
3) Result in any increase in premiums or cancellation of public benefits or insurance for the infant or toddler or parents
4) Risk the loss of eligibility for the infant or toddler or the parents for home and community-based waivers on total health-related costs
IV. Use of Private Insurance to Pay for Services [34 CFR 303.520(b); 303.420(a)(4)(5)]

Parents are not required to have or use their private health insurance to pay for Part C services. If they do have private insurance and choose to allow the local tiny-k program to access it, signed, written parental consent must be obtained when the private insurance or benefits (a) are to be used for the initial provision of a Part C service in the IFSP, and (b) each time consent for Part C services is required due to an increase (in frequency, length, duration, or intensity) in the provision of services in the child’s IFSP.

Each time consent is required to use private insurance, the entire System of Payments document must be provided to parent. This is the Part C Services Financial System of Payments section of the Procedure Manual.

Private Health Insurance Consent/Authorization can be found at:
http://www.ksits.org/download/Private_Health_Insurance_Consent_Authorization.doc

A Summary of the System of Payment for Families can be found at:
http://www.ksits.org/download/Parents_Rights_Booklet.pdf

The consent form for billing of private insurance must include the following:

1) A statement that the use of their private insurance has the potential for

   (a) exceeding the annual lifetime maximum amount the insurance company will pay,

   (b) increased health insurance premiums, or

   (c) cancellation of the health insurance policy.

2) A statement that Part C services are provided at no out-of-pocket cost to parents except for payment of insurance premiums.

3) A statement that parents are not responsible for co-pays and deductibles.

4) A statement informing the parents that using their private health insurance may make some public funds (e.g. TRICARE, Children and Youth with Special Health Care Needs) available as a payment source for the child.

5) A statement informing the parents that if private health insurance is not used, public funds may not be available as payment sources.

Since Kansas has chosen to provide Part C services “at no cost to the parents,” use of private insurance to pay for these Part C services should not result in an out-of-pocket cost to the parents except as outlined in the consent requirements above. Other funding sources such as private payors, local funds, Medicaid/ KanCare/ TRICARE, Services for Children and Youth with Special Health Care Needs, and/or other public or private funding sources may provide payment for some services. If private insurance is a pre-requisite of any of other funding sources, parental consent must be obtained prior to its use. Regardless, there will not be delay or denial for any Part C services to that child or family.
If a parent or family of an infant or toddler with a disability does not give consent to use private insurance funds for Part C services, the lack of consent cannot be used to delay or deny any Part C services to that child or family.

V. Definitions Related to Public and Private Payors for Services

1) **Deductible**: The amount the insured has to pay each policy year before the insurance company reimburses the insured or the provider. Some plans have deductibles for specific services such as mental health care and substance abuse treatment. Under family plans, the amount of deductible each family member will have to meet will be stated in the insurance policy.

2) **Co-Insurance or Co-Payment**: The percentage share of insurance costs stated for each insurance policy that is the responsibility of the insured to pay for covered services (e.g., 20/80 means the insured will be responsible to pay 20% of the charge and the insurance company will pay for 80% of the charge). This percentage is applicable after the deductible is met.

3) **Catastrophic Limit or Annual Maximum**: The annual dollar limit after which the insurer will fully cover charges (100% payment). The deductible and co-insurance for covered services have to be met first.

4) **Lifetime Maximum or Insurance Cap**: The total dollar limit after which the insurer will no longer pay. Typically, insurers offer a different lifetime maximum for mental health and substance abuse services.

5) **Private Payors**: Community sources for payment of services, a fund made of donations, or specific organizations such as United Cerebral Palsy, Easter Seals, Rotary, Lions, or Shriners.

6) **Public Payors**: Provision of services by programs supported by government or tax sources. Services for Children and Youth with Special Health Care Needs and Part C of the IDEA are examples of public payors.

7) **Third Party**: A term used to describe payment of covered services by other than the parent or the service provider. It is usually applied to Medicaid/KanCare, Medicare or private insurance.
VI. Accessing Medicaid/KanCare/TRICARE

Medicaid/KanCare is a federal-state program administered in Kansas by the Division of Health Care Finance (DHCF) in the Kansas Department of Health and Environment (KDHE). All states currently participate in the Medicaid/KanCare program and federal matching funds are available for the costs of these services. DHCF is directly responsible for the purchase of health care services funded through the Medicaid/KanCare program in Kansas.

Nearly all health care services purchased by DHCF are financed through a combination of state and federal matching dollars either through Title XIX (Medicaid/KanCare) or Title XXI (the State Children’s Health Insurance Program, or SCHIP) of the Social Security Act. As long as covered services are provided to eligible beneficiaries as specified in the State Medicaid/KanCare Plan, the federal government must participate in sharing the costs of those services.

State Medicaid/KanCare Plan can be found at:
http://www.kdheks.gov/hcf/healthwave/state_plan.html

As a provider of Part C services, it is imperative that local tiny-k programs identify resources and develop a relationship with appropriate Medicaid/KanCare staff and providers in the community. They will be the link in responding to questions that occur.

A. Medicaid/KanCare Eligibility

Medicaid/KanCare will cover only services determined to be “medically necessary.” In order for Medicaid/KanCare payment to be made for services, a child must be eligible and have a Medicaid/KanCare card. Eligibility workers are available in several locations throughout the state to help a family through the application and enrollment process for Medicaid/KanCare. Eligibility and application information can be found on the Department of Health Care Finance (DHCF) website at http://www.kdheks.gov/hcf/.

B. KAN Be Healthy Screening

Once eligible for Medicaid/KanCare payment, each eligible child should have a complete medical screening. This screening is known in Kansas as a KAN Be Healthy screening. KAN Be Healthy (KBH) is a Medicaid/KanCare program available to families after Medicaid/KanCare eligibility is determined for their child (20 years of age and under). The KBH medical check-up includes a complete health history, a physical exam with a growth and diet check, appropriate shots according to age and health history, and health tips for both parents and children. The screens also include vision, hearing and dental assessment. Families should contact their local health department or their physician to request a KAN Be Healthy screening.

C. Provider Information

Each local tiny-k program has an individually assigned Medicaid/KanCare provider number for billing purposes. Each individual provider working within a local tiny-k program must bill under the program’s assigned Medicaid/KanCare provider number.

In order for tiny-k programs to provide Medicaid/KanCare authorized services and receive Medicaid/KanCare reimbursement for these services, they must make application and receive approval from the Kansas Department of Health and Environment (KDHE) Division of Health Care Finance
(DHCF). Written requests may be directed to: Kansas Medical Assistance Program (KMAP), P.O. Box 3571, Topeka, KS 66601-3571. Provider information via telephone may be obtained at (800) 933-6593, Monday through Friday from 7:30 a.m. to 5:30 p.m.

Once application has been made, a provider number is assigned for use with interactions between a provider and Medicaid/KanCare representatives. Additionally, each provider type (e.g., local tiny-k program, medical doctor, local health agency) will receive a manual designed specifically to aid in understanding all billing aspects of that provider type. The manual for Part C services is called Early Childhood Intervention Manual and can be found on the KMAP website listed below. Information in the provider manual includes communications, recipient eligibility, provider eligibility, other payment resources, special claim requirements, and claim reimbursement. Updates to the provider manual are sent by KDHE DHCF via remittance advice messages, global messages, and bulletins. Notifications are also available through the Kansas Medical Assistance Program website, https://kmap-state-ks.us, as changes occur.

The Early Childhood Intervention Manual is located at:

Provider representatives are available to answer questions or address concerns regarding billing or the Medicaid/KanCare program. Provider representatives can be reached at (800) 933-6593.

D. General Billing

Billing is a separate section of Medicaid/KanCare and is handled by the current fiscal agent. Billing may be electronic or written. If written, the CMS-1500 form must be used for claims to be processed. The claim forms are not supplied by the fiscal agent, but may be obtained from Administrative Services of Kansas, Inc., Topeka, KS, or Advantage Business Forms, Topeka, KS. The forms must be carefully completed and submitted to Kansas Medical Assistance Program, Office of the Fiscal Agent, P.O. Box 3571, Topeka, KS 66601-3571.

**Toll-Free Numbers:** Provider Assistance Unit --- (800) 933-6593
Consumer Assistance Unit --- (800) 766-9012

E. Helpful Websites

1) Kansas Department of Health and Environment (KDHE) Division of Health Care Finance (DHCF) Early Childhood Intervention Manual:

2) Kansas Medical Assistance Program (KMAP) website for health and medical policy information to beneficiaries and providers:
https://www.kmap-state-ks.us

3) Kansas Medical Assistance Program: **KAN Be Healthy Billing Bulletin.** There are multiple bulletins on a variety of programs and providers, added frequently.
The bulletins can be searched at:
https://www.kmap-state-ks.us/Public/Bulletins/bulletinsearch.asp
F. TRICARE

TRICARE military health insurance is viewed as public insurance and is treated in the same manner as Medicaid/KanCare for the purposes of notifying parents and gaining consent to share information for the purpose of billing. Local programs are to follow the procedures outlined in section III. B. of this document when using TRICARE.

Parent Notification and Release of Information for TRICARE/Physician:

VII. System of Payments and Fees [34 CFR 303.521]

Every parent in early intervention services in Kansas is provided with the Child and Family Rights and Complaints Process which includes the “Funding tiny-k Services – A Family Guide.” This guide includes the KSITS system of payments information.

Kansas Child and Family Rights and KS ITS Complaint Process can be found at:
http://www.ksits.org/download/Parents_Rights_Booklet.pdf

The system of payments in Kansas includes the following requirements:

1) Part C services provided at no out-of-pocket costs to parents regardless of whether they provide consent to bill third party sources such as Medicaid/KanCare and private insurance. The term “no cost to parents” means parents will not be required to make any payment, except for private insurance premiums, beyond what private insurance, Medicaid/KanCare, and other benefits will pay.

2) Families are not responsible for co-pays and deductibles.

3) The payor of last resort provisions regarding the use of Part C funds in accordance with 34 CFR 303.510.

4) The ability of the local tiny-k program to bill private insurance in accordance with 34 CFR 303.520.

5) A system of payments through Medicaid/KanCare as defined in Kansas Medicaid/KanCare’s Early Childhood Intervention Manual.

6) The identification of other public and private funding sources by the local tiny-k program.

The following services for children under the age of three shall be provided at “no cost to parents”:

1) Child Find activities

2) Evaluation and assessments

3) Family service coordination
4) Administrative and coordination activities related to the development, review, and evaluation of the IFSP, and implementation of procedural safeguards and other components of the statewide system of Part C services

5) Part C services for eligible children and their families to include at a minimum: (1) assistive technology devices and services, (2) audiology, (3) family training, counseling, and home visits, (4) health services, (5) diagnostic and evaluation medical services, (6) nursing services, (7) dietician services, (8) occupational therapy, (9) physical therapy, (10) psychological services, (11) family service coordination, (12) social work services, (13) special instruction, (14) speech-language pathology, (15) transportation and related costs, (16) vision services, and (17) sign language and cued language.

Local tiny-k programs may use Federal Part C funds, grant funds from the Kansas Department of Health and Environment (KDHE) Kansas Infant-Toddler Services for expenses allowed under Part C of the IDEA and its current regulations, including costs such as deductibles, or co-payments. Premiums are the responsibility of the family/parent.

A. Allowable Expenditures

In addition to required system development initiatives, Federal Part C of the IDEA and Kansas Infant-Toddler Services funds may be expended to pay personnel qualified to deliver Part C services, such as:

- assistive technology
- audiology
- family service coordination
- family information
- health
- medical (diagnostic only)
- nursing
- nutrition
- occupational therapy
- physical therapy
- psychological services
- social work
- special instruction
- speech-language pathology
- transportation and related costs
- vision
- sign language and cued language

Professionals providing Part C services must be qualified according to the highest entry-level standards for state-approved or recognized certification, licensing, registration, or other comparable requirement. Paraprofessionals who meet state requirements are also qualified to deliver services under the supervision of the professional appropriate for the discipline in which they are working.

The IFSP lists Part C services to be provided and who is responsible for payment (private insurance, Medicaid/KanCare, other public sources such as Children and Youth with Special Health Care Needs, schools, health departments, etc.). The IFSP also includes information on medical and other services the child needs and the funding sources to be used in paying for those services or the steps to be taken to secure those services through public or private sources.

B. Non-allowable Expenditures

Federal and State Part C funds may not be expended to pay for experimental treatment programs, research studies and grants, childcare, and students in training. Further, according to federal regulations, Part C funds may not be expended for health services that are
1) surgical in nature (such as cleft palate surgery, surgery for club foot, or the shunting of hydrocephalus),

2) purely medical in nature (such as hospitalization for management of congenital heart ailments, or the prescribing of medicine or drugs for any purpose),

3) devices necessary to control or treat a medical condition (such as heart monitors, respirators and oxygen, and gastrointestinal feeding tubes and pumps), or

4) medical-health services (such as immunizations and regular “well-baby” care) that are routinely recommended for all children.

VIII. At-Risk Infants and Toddlers

Kansas does not provide services for infants and toddlers who are at risk. However, Part C funds may be used to establish linkages with appropriate public and private community-based organizations, services, and personnel for the purposes of

A. identifying and evaluating at-risk infants and toddlers,

B. making referrals for the infants and toddlers identified and evaluated but who are not determined to be eligible, and

C. conducting periodic follow-up on each referral to determine if the status of the infant or toddler has changed with respect to eligibility. [34 CFR 303.501(e)(1)(2)(3)]

IX. Procedures for Contesting Kansas Infant-Toddler Services’ System of Payments

There is no financial eligibility criterion for infants and toddlers and their families to receive services in Kansas. Kansas Infant-Toddler Services provides services to all eligible infants and toddlers and their families at no out-of-pocket cost to the parents including co-pays and deductibles for private insurance. Parents are responsible for private insurance premiums. No fees are imposed for services thus the parent’s ability to pay for services is not a consideration in determining whether or not an infant or toddler receives services.

The local tiny-k programs have the option to bill Medicaid/KanCare or request the use of the family’s private insurance to pay for services. If billing Medicaid/KanCare or the family’s private insurance is not possible, services for the child and family will be provided at no cost to the family with Part C funds being used as “payor of last resort.”
If a parent wants to protest Kansas’ system of payments, they may do one of the following:

A. Participate in mediation in accordance § 303.341

B. Request due process hearing under §§ 303.436 or 303.441, whichever is applicable

C. File a state complaint under §303.434

D. Use of any other procedure established by the State (informal complaint) provided that it does not prevent the options in A., B., or C. from occurring

The parent must be provided with a copy of the *Child and Family Rights* which contains System of Payment policies.

Kansas Child and Family Rights and KS ITS Complaint Process can be found at: [http://www.ksits.org/download/Parents_Rights_Booklet.pdf](http://www.ksits.org/download/Parents_Rights_Booklet.pdf)

**X. State Categorical Aid Reimbursement**

The Kansas State Legislature appropriates funds for the provision of special education services (including Part C services). These funds are disseminated based on teacher and paraprofessional full-time equivalency (FTE). Funding is accessed through a local education agency (LEA). If the LEA is not the local lead agency, it is recommended that an interagency agreement be developed delineating responsibilities for both parties for accessing state categorical aid.


Information related to the Kansas State Department of Education’s responses to questions on Time and Effort for IDEA Part C Employees Claimed for State Special Teacher Reimbursement can be found on the Kansas Infant-Toddler Services website: [http://www.ksits.org/](http://www.ksits.org/)

**XI. Accessing Grant and Private Funding**

Numerous resources are available to help meet the cost of Part C and other services for infant or toddlers with disabilities. Small grants may be available in local communities through professional organizations, service organizations, parent groups, churches, local municipal funds, and special economic growth efforts. These sources are best identified by local tiny-k programs by contact with the community, county commissioners, government officials, city council members, and others.

It is most helpful to think of the community’s needs and collaborate with others to meet several goals at once. In most communities, quality childcare, in general, is a concern for many segments of the community. In working with others to meet childcare needs, it is possible to provide for children with special needs and integrate all children. Such an integrated approach provides for broad-based support and an ability to utilize a combination of resources not otherwise available to any single segment.
Kansas makes maximum use of all available funding sources in implementing Kansas Infant-Toddler Services. Continued expansion and creative use of all funding sources can achieve the provision of necessary early intervention services to infants and toddlers and their families.

An important role of local interagency coordinating councils is to assist in identifying and maximizing funding by avoiding unnecessary duplication of services and by creatively problem solving to seek collaborative funding solutions.