Physical Therapy and Related Services:

a. Physical Therapy is reimbursed based on an established fee schedule.

b. Occupational Therapy is reimbursed based on an established fee schedule.

c. Speech Therapy Services: Services for speech, hearing and language disorders are reimbursed based on an established fee schedule.

d. Reimbursement to the Department of Education for these services will not exceed their actual cost. Actual cost to be determined by cost reports submitted by the Department of Education.

e. Physical therapy and related services for EPSDT recipients, if medically necessary which exceed the limitations and scope for Medicaid recipients, as covered in this Plan, are reimbursed according to the methodology in the above paragraph.

The Division of Medicaid, as required by state law, shall reduce the rate of reimbursement to providers for any service by ten percent (10%) of the allowed amount for that service.

Notice of Proposed Rule Adoption

State of Mississippi
Office of the Governor
Division of Medicaid

Economic Impact Statement
For
Therapy Providers

The Executive Director of Medicaid is required by law to recommend expenditure containments when expenditures are expected to exceed funds available for any fiscal year. Medicaid is facing a $90,000,000 shortfall in state revenues for FY2009; therefore, certain cost containment measures have been identified as necessary to balance Medicaid's budget. These measures include reducing certain non-institutional providers an additional 5% reduction in reimbursement in addition to the 5% reduction as outlined in Miss. Code Ann. § 43-13-117 (1972 as amended).

It is estimated that it will cost the Division of Medicaid approximately $5,000 to enforce the increased reduction in payments to providers. This includes system changes and staff time.

An estimate of the total economic impact for therapy providers, including small business providers, is noted in the chart below. The total economic impact for providers in State FY 2009 is equal to the sum of federal and state savings noted in the chart below. The Division of Medicaid estimated the impact utilizing the actual and estimated expenditures for the same services for FY2008.

FFY2008 Federal Savings	FFY2008 State Share Savings	FFY2009 Federal Savings	FFY2009 State Share Savings
$ 38,336.78	$ 11,914.60	$ 228,663.90	$ 72,844.41

The Division of Medicaid is facing a $90,000,000 shortfall in state revenues for FY2009. If this cost containment measure is not enacted, there will not be sufficient revenues to reimburse providers for the entire year.

State law limits cost containment measures that may be taken and precludes the Governor from changing eligibility or benefits; therefore, the only option is to reduce expenditures is to reduce payment.