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DIRECTOR'S OFFICE

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TO: All Title XIX State Agencies

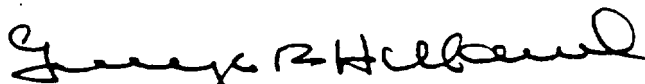
SUBJECT: Monetary Cap on Services Provided Under the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program

This is to disseminate a recent policy clarification we received from our Central Office on the issue of placing a monetary limit on the services provided under the EPSDT program.

After April 1, 1990, the effective date of Section 6403 of the Omnibus Budget Reconciliation Act of 1989, States must provide any medically necessary service to a child if the service is found to be needed as a result of EPSDT screening services. A monetary cap, or putting a dollar limit on a set of services, has the same effect as putting a limit on quantity. Such limits are precluded in the current EPSDT program, which requires provision of any medically necessary Medicaid service, whether or not it is covered under the State's Medicaid Plan.

A State may set payment amounts for specific services, or reimburse providers by capitation or fees for time. A State may employ a combination of thresholds and prior authorization procedures as a part of the program's financial management. Overall monetary limits or caps may not be set which could prevent the provision of medically necessary services under EPSDT. After April 1, 1990, whether or not a cap was included in the Medicaid State Plan, the State would be liable for payment for necessary services provided under EPSDT.

Questions or comments may be addressed to Cathy Kasriel at (404) 331-5028 or Mal Williams at (404) 331-5889.



George R. Holland
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