Medicaid Reimbursement for Tobacco Cessation Quitline Activities

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Tobacco Cessation Quitlines

- CMS issued a State Medicaid Director Letter on June 24, 2011, on tobacco cessation services that, in part, announced a new policy allowing costs related to “tobacco telephone quitline” activities that are provided to Medicaid beneficiaries to be claimed to Medicaid as an administrative expenditure.

Tobacco Cessation Quitlines

- Allowable costs are limited to those directly related to implementing and operating a tobacco cessation quitline (e.g., personnel costs) and do not include costs related to tobacco cessation medications, either over-the-counter or prescription-based, that are dispensed through quitlines.

Allowable Administrative Activities

- Defined as those necessary for the “proper and efficient” administration of the State plan under 1903(a)(7) of the Social Security Act.

- Include things such as: Medicaid eligibility determinations; outreach; utilization review; prior authorization; MMIS; transportation activities; translation services; and tobacco cessation quitlines.

Tobacco Cessation Quitlines

- Reimbursable at State option as an allowable Medicaid administrative activity.
- States must claim federal Medicaid funds in accordance with applicable cost principles under OMB Circular A-87.
- Quitlines must follow the evidence-based protocols set forth in the PHS Guideline.
- State Medicaid programs have flexibility to design their own quitline counseling benefit based on beneficiary needs, other existing resources, available State Medicaid funding, etc.

Tobacco Cessation Quitlines

- The effective date of this new administrative claiming policy is the date of issuance of the SMD letter; that is, June 24, 2011.
- Allowable quitline expenditures are claimable as administration at the 50 percent Federal Medicaid matching rate specified at 42 Code of Federal Regulations 433.15(b)(7).
- States do not have to submit an amendment to their State Medicaid plan in order to claim quitline expenditures as administration.

Tobacco Cessation Quitlines

- If quitlines serve Medicaid and non-Medicaid eligibles alike, there must be a cost allocation methodology in place to isolate costs that benefit Medicaid. Only that portion of the overall quitline costs would be claimable.
- If quitline services are made available only to Medicaid beneficiaries, costs would not need to be allocated amongst multiple programs and can be claimed in their entirety at the 50 percent matching rate.

Tobacco Cessation Quitlines

- In order to properly allocate costs related to quitlines, State can utilize a variety of methods; including, but not limited to:
  - A survey of callers to determine Medicaid eligibility, or
  - The calculation of a Medicaid eligibility ratio to determine the approximate percentage of Medicaid eligibles in the total universe of callers served by the quitline.

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- Quitlines with managed care contracts are typically considered an expense of operating the managed care entity and are included in the capitation rate paid by the State Medicaid agency to the managed care entity.
- In those instances, quitline costs would not be eligible for match in addition to the capitation rate.
- States have the option, however, to carve out tobacco cessation quitlines from the capitated rate and contract separately for such services as an administrative activity.

Tobacco Cessation Quitlines

- Quitlines are often operated by independent vendors who have contracts with States.
- If such contracts are with the health department rather than the Medicaid agency, the State Medicaid agency must have an interagency agreement in place with its sister agency in order for related costs to be claimed as Medicaid administration.
- Such interagency agreements are typically included in the State's Public Assistance Cost Allocation Plan on file with the U.S. Department of Health and Human Services.

Questions?

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