

# With Apologies to ABBA: Money, Money, Money....Not so Funny

Part C Payor of Last Resort, System of Payments and Medicaid

November 5, 2025



# What is System of Payments?



The System of Payments for a local Infant & Toddler Connection of Virginia program refers to the structured framework established to ensure appropriate and equitable financial responsibility for early intervention services under Part C of the Individuals with Disabilities Education Act (IDEA).

- Based on the federal regulations (34 CFR §303.500(b)), Virginia state code (12VAC35-225-210 and 12VAC35-225-230), and the local contract requirements:

# System of Payment Includes:

- **Sliding Fee Schedule**
- **Cost Participation Mechanisms**
- **Payer of Last Resort Principle**
- **Resource Coordination**
- **Billing and Collection Requirements**





# Sliding Fee Schedule:

- A family cost participation model with monthly caps, designed to reflect the financial capacity of families while ensuring access to services.



# Cost Participation Mechanisms:

- Incorporates co-payments, premiums, deductibles, and other fees required under applicable Federal, State, local, or private insurance or benefit programs in which the child or family is enrolled.



# Payer of Last Resort Principle:

- Federal Part C funds and designated state general funds are used only after all other public or private funding sources have been exhausted. This includes Medicaid, Tricare, private insurance, and other third-party payers.





# Resource Coordination:

- Local lead agencies must identify, coordinate, and utilize all available funding sources (federal, state, local, and private) to support early intervention services.



# Billing and Collection Requirements:

- Local systems must:
  - Bill and collect from all potential reimbursement sources prior to using Part C funds.
  - Either manage billing internally, contract with a single entity, or assign billing responsibilities to specific providers/agencies for each child.
  - Follow the Family Cost Share Practices outlined in the Infant & Toddler Connection of Virginia Practice Manual.



This system ensures fiscal accountability, maximizes available resources, and protects the integrity of Part C funding by adhering to both federal and state mandates.



# What does this mean for your local system?



- Establish current, accurate family cost share agreements for all children served in your system.
  - Practice Manual requires monthly check-ins regarding changes to insurance or fiscal status.
- Establish procedures for billing private insurance, Tri-Care, Medicaid and Family Fees.
- Bill each family in accordance with the Family Cost Share Agreement.



# How do you ensure system of payment is followed?



- Review invoices to ensure service frequency and length for sessions billed aligns with the IFSP and if not, there is documentation of why.
- Review Estimate of Benefits to ensure insurance payments are collected to offset costs to the local system.
  - Submit appeals for denied claims.
  - Require contractors to appeal denied claims.
- Ensure family fees are billed:
  - Determine who is responsible for billing the family fee (LLA, contractor).
  - Ensure family fees are billed appropriately if family gives permission to access their insurance.
  - If family gives permission to access their insurance, they are never billed more than patient responsibility shown on the EOB.

# Requirements for Children with Medicaid:

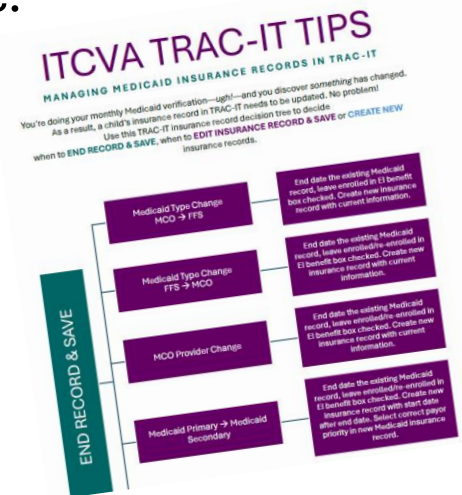
- Local Contract – 2.1.1. (a)(9):
  - Specify responsibility for ongoing verification of Medicaid/FAMIS coverage and the Medicaid EI benefit (at least once a month) as specified in the Infant & Toddler Connection of Virginia Practice Manual, Chapter 8.
    - This applies to children with Medicaid and families who gave permission to check for Medicaid on the FCSA.



- Verify the Medicaid number is accurate, and Medicaid coverage is active before creating a Medicaid insurance record in TRAC-IT.
  - If family says they've applied, don't enter the number until you have verified the coverage is current and active.
- Ensure timely data entry
  - Enter required data in TRAC-IT within 10 business days for children new to your system
    - Intake date and Medicaid number
  - Create Medicaid insurance records within 60 calendar days of the disposition date for children who gain Medicaid after enrollment or lose Medicaid and have it re-instated.
  - Uncheck the enrolled/re-enrolled box on the Medicaid insurance record for a child who loses the EI benefit within 60 calendar days from when the benefit drops.

# Follow the Tip Sheet!

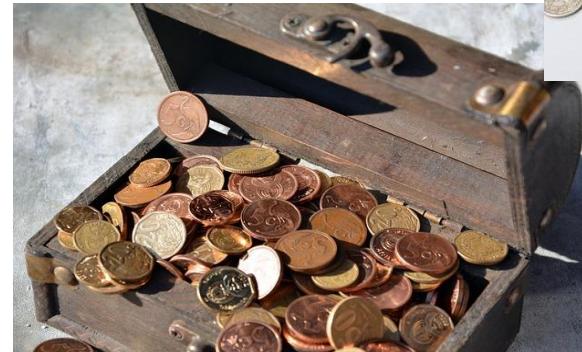
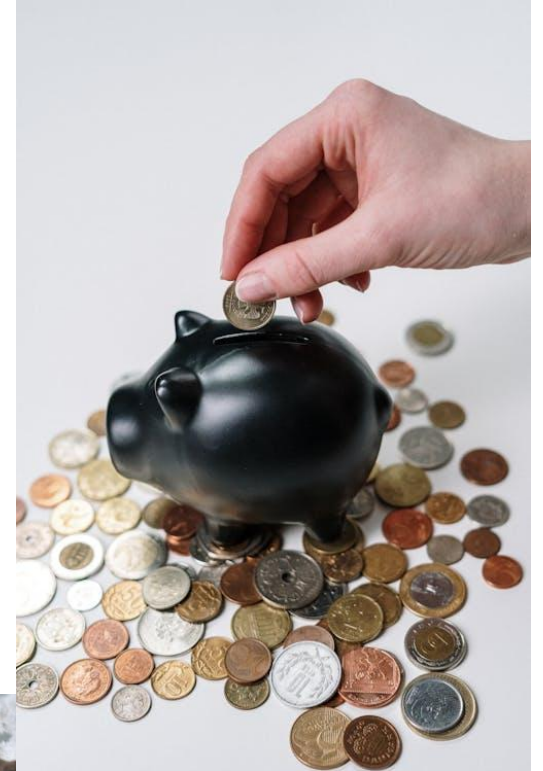
- There are specific guidelines for managing Medicaid Insurance Records that display current information under the insurance tab without populating the child unnecessarily to the state EI benefit enrollment report
  - These guidelines apply to changes in MCOs or type of Medicaid (fee for service or MCO)
  - These guidelines apply to children who lose Medicaid coverage.







System of Payment ensures money isn't blowing in the wind and your local program ensures fiscal accountability, maximizes available resources, and protects the integrity of Part C funding.





# Questions?