



**ALASKA EARLY INTERVENTION/INFANT LEARNING PROGRAM  
SYSTEM OF PAYMENT POLICIES AND PROCEDURES TO  
IMPLEMENT PART C OF THE INDIVIDUALS WITH  
DISABILITIES EDUCATION IMPROVEMENT ACT**

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## **I. System of Payments (34 CFR § 303.500)**

### **A. Use of Funds, Payor of Last Resort, and System of Payments**

1. The Alaska DHSS EI/ILP ensures written policies and procedures meet the requirements of the:
  - a. Use of funds provisions in 34 CFR §303.501; and
  - b. Payor of last resort provisions in 34 CFR §§303.510 through 303.521, regarding the identification and coordination of funding resources for, and the provision of, early intervention services under Part C of IDEA within Alaska.
2. Alaska has established, consistent with 34 CFR §§303.13(a) (3) and 303.203(b), a System of Payments for early intervention services under Part C of IDEA, including a schedule of sliding fees required to be paid for services in which the infant or toddler with a disability or the child's family is enrolled, that meets the requirements of 34 CFR §§303.520 and 303.521.

### **B. Definitions**

1. *Co-payment* is the portion of the charge that a family is responsible for when private insurance is used to pay for services covered by the insurance plan. Insurance plans typically require a co-payment to be a percent of the charge for the service. It may vary based on the type of service, when the service was received (for example, within a certain number of days of an emergency) or where the service was received (outpatient versus in-patient). When there is a co-payment in managed care plans, it is usually a fixed amount regardless of the cost of the service.
2. *Deductible* is the amount that must be paid out-of-pocket for covered medical care before the benefits of the coverage began. The family should check with their insurance carrier to ascertain their deductible amount. There may also be a total family limit. Deductible amounts vary a great deal from policy to policy. Deductibles are usually set as an annual amount.
3. *Fee-for-service* is a form of payment where a provider is paid for each service, supply, or equipment.
4. *Premium* is the charge that is paid to the insurer for the health coverage. This may be paid weekly, quarterly, monthly or annually.
5. *Sliding Fee Scale* is an alternative funding mechanism that is based on comparing total household income and number of dependents to set guidelines to determine a fair percentage of the charges that the family unit can afford to pay. This can range from zero percent to 100 percent of billed charges.
6. *Public Benefits or Insurance* means Tricare, Medicaid and Denali KidCare.

### **C. Permissive Use of Funds by the Lead Agency (34 CFR §303.501)**

1. Consistent with 34 CFR §§303.120 through 303.122 and 34 CFR §§303.220 through 303.226, DHSS EI/ILP may use funds under this part for activities or expenses that are reasonable and necessary for implementing the Alaska Early Intervention/Infant Learning Program for infants and toddlers with disabilities, including funds:
  - a. For direct early intervention services for infants and toddlers with disabilities and their families under this part that are not otherwise funded through other public or private sources (subject to 34 CFR §§303.510 through 303.521); and
  - b. To expand and improve services for infants and toddlers with disabilities and families under this part that are otherwise available.
2. Although Alaska does not provide Part C services under 34 CFR §303.204 for at risk infants and toddlers, as defined in 34 CFR §303.5, the Alaska EI/ILP uses Part C funds to strengthen the statewide system by initiating, expanding, or improving collaborative efforts related to at-risk infants

and toddlers, including establishing 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; and
- c. Conducting periodic follow-up on each referral, to determine if the status of the infant or toddler has changed with respect to the eligibility of the infant or toddler for services under this part.

#### **D. Payor of Last Resort--General Provisions**

1. *Identification and Coordination of Resources* (34 CFR §203(b)(1))
  - a. The DHSS EI/ILP is responsible for the identification and coordination of all available resources for providing early intervention services to eligible children and their families within Alaska, including those from Federal, State, local and private resources. Local EIS Programs must establish Letters of Understanding or Memorandums of Agreement between all agencies providing early intervention services.
  - b. The DHSS updates the information on funding resources available for early intervention services as a result of legislative or policy changes.
2. *Non-Substitution of Funds* (34 CFR §303.510(a)) Except as provided in 34 CFR §303.510(b), Part C funds may not be used to satisfy a financial commitment for services that would otherwise have been paid for from another public or private source, including any medical program administered by the Department of Defense, but for the enactment of Part C. Therefore Part C funds may be used only for early intervention services that an infant or toddler with a disability needs but is not currently entitled to receive or have payment made from any other Federal, State, local, or private source (subject to 34 CFR §§303.520 and 303.521).
3. *Interim Payments-Reimbursement* (34 CFR §303.510(b))
  - a. If necessary to prevent a delay in the timely provision of appropriate early intervention services to an infant or toddler or the infant or toddler's family, the DHSS EI/ILP uses Part C funds to pay the provider of services for services and functions authorized under Part C, pending reimbursement from the agency or entity that has ultimate responsibility for the payment including health services, as defined in 34 CFR §303.16 [but not medical services], functions of the Child Find system described in 34 CFR §§303.115 through 303.117 and 34 CFR §§303.301 through 303.320, and evaluations and assessments in 34 CFR §303.321).
  - b. The DHSS EI/ILP has established and implemented the following procedures for the timely reimbursement of funds to prevent delay in providing services to an eligible child and child's family.
    - i. A portion of Part C funds will be set aside for the purpose of funding services during a dispute concerning services or evaluation assessment results.
    - ii. Payment may be made for:
      - (1) Early intervention services under Part C;
      - (2) Eligible health services, as defined in 34 CFR §303.16;
      - (3) Other functions and services authorized under Part C including Child Find (34 CFR §§303.115 through 303.117 and 34 CFR §§303.301 through 303.320), evaluations and assessments (34 CFR §303.321).
    - iii. Payments do not apply to other medical-health services or well-baby care as defined in Part C.

4. *Non-reduction of benefits* (34 CFR §303.501(c)) The DHSS ensures there will be no reduction of medical or other assistance available in the State or alterations of the eligibility under Title V of the Social Security Act, 42 U.S.C. 701, et seq. (SSA) (relating to maternal and child health) or Title XIX of the SSA, 42 U.S.C. 1396 (relating to Medicaid), including section 1903(a) of the SSA regarding medical assistance for services furnished to an infant or toddler eligible for Part C when those services are included in the Individualized Family Service Plan adopted in accordance with Part C.

**E. Methods to Ensure the Provision of, and Financial Responsibility for, Part C Services (34 CFR §303.511)**

**1. *Methods* (34 CFR §303.511(a) and (b))**

- a. The Alaska DHSS ensures that it has in place methods for State interagency coordination that include interagency agreements or contracts. Under these methods, the Governor or Governor's designee ensures that the interagency agreements or contracts are in effect between each State public agency and the Lead Agency in order to ensure:
  - i. The provision of, and establishing financial responsibility for, early intervention services provided under this part; and
  - ii. Such services are consistent with the requirement in section 635 of the Act and Alaska's application under section 637 of the Act, including the provision of such services during the pendency of any dispute between State agencies.
- b. The methods listed above meet all requirements in this section and are set forth in one of the following:
  - i. State law or regulation;
  - ii. Signed interagency agreements between respective agency officials that clearly identify the financial and service provision responsibilities of each agency;
  - iii. Signed contracts between Alaska DHSS and EIS Programs; or
  - iv. Other appropriate written methods determined by the Governor or the Governor's designee, and approved by the Secretary through the review and approval of Alaska's application.

**2. *Procedures for Resolving Disputes* (34 CFR §303.511(c))**

- a. Each interagency agreement or contract includes procedures for achieving a timely resolution of disputes about payments for a service or disputes about other matters related to Alaska's early intervention program. Those procedures include a mechanism for resolution of disputes within agencies and for the Governor, Governor's designee or the Alaska DHSS to make a final determination for interagency and intra-agency disputes which determination is binding upon the agencies involved. Specifically, the interagency agreement or contract includes:
  - i. That the agency or agencies are permitted to resolve their own internal disputes (based on the procedures that are included in the agreements), so long as the agency or agencies act in a timely manner; and
  - ii. A process that the DHSS will follow in achieving resolution of interagency or intra-agency disputes, if a given agency or agencies are unable to resolve its own internal disputes in a timely manner
- b. If, during the Alaska DHSS' resolution of the dispute, the Governor, Governor's designee, or the DHSS determines that the assignment of financial responsibility under this section was inappropriately made:
  - i. The Governor, Governor's designee, or DHSS, depending on the method utilized, reassigns the financial responsibility to the appropriate agency; and

- ii. The Alaska DHSS makes arrangements for reimbursement of any expenditure incurred by the agency originally assigned financial responsibility.
- 3. *Delivery of services in a timely manner* (34 CFR §303.511(d))
  - a. The methods used by the Alaska DHSS EI/ILP include a mechanism to ensure that no services that a child is entitled to receive under this part are delayed or denied because of disputes between agencies regarding financial or other responsibilities. Also, the methods are consistent with the written funding policies related to use of public benefits or insurance or private insurance as outlined in Section F: System of Payment and Fees. (34 CFR §303.511(e))
  - b. Each method includes any additional components necessary to ensure effective cooperation and coordination among, and DHSS general supervision (including monitoring) of, early intervention service providers (including all public agencies) involved in providing Part C early intervention services.

**F. System of Payments and Fees** (34 CFR §303.521)

- 1. *Functions Not Subject to Fees* (34 CFR §303.521(b))
  - a. The DHSS EI/ILP ensures that the following Part C early intervention services are available at no cost to families:
    - i. Implementing Child Find activities in 34 CFR §§303.301 through 303.303;
    - ii. Evaluation and assessment as defined in 34 CFR §303.320, and the functions related to evaluation and assessment in 34 CFR §303.13(b);
    - iii. Service coordination services as defined in 34 CFR §§303.13(b)(11) and 303.33;
    - iv. Administrative and coordinative activities related to the development, review and evaluation of IFSPs and interim IFSPs in accordance with 34 CFR §§303.342 through 303.345; and
    - v. Implementation of procedural safeguards and the other components of the statewide system of early intervention.
- 2. *Functions and Services Subject to Family Cost Participation* (34 CFR §303.521(a))
  - a. The following functions and services are subject to a System of Payments for which co-payments, deductibles, or fees may be charged to families:
    - i. Assistive Technology Service and Device;
    - ii. Audiology Services;
    - iii. Family education, counseling, and home visits;
    - iv. Health Services;
    - v. Medical Services;
    - vi. Nursing Services;
    - vii. Nutrition Services;
    - viii. Occupational Therapy;
    - ix. Physical Therapy;
    - x. Psychological Services;
    - xi. Sign Language and Cued Language Services
    - xii. Social Work Services;

- xiii. Special Instruction;
- xiv. Speech and Language Therapy;
- xv. Transportation and related cost of travel;
- xvi. Vision services; and
- xvii. Other services as appropriate.

### 3. *Funding Sources Accessed*

- a. The following fund sources are accessed as part of the Alaska System of Payments and Fees policy:
  - i. Public Benefits or Insurance
  - ii. Private Insurance
  - iii. Family Fees

### 4. *Family Income and Expense Information*

- a. The Alaska DHSS EI/ILP gathers family income, family size and expense information (as defined in the Family Consent and Family Fee Packet) at intake and at least annually or more frequently when there are changes in family income, size and or extraordinary expenses. This information is used to determine potential family resources, including private insurance, public insurance or benefits that are available to pay for early intervention services and to document family income and family size for determining the family's ability to pay. Family income is determined by counting all family income before deductions for the calendar year including the date of services, whether earned or unearned from any source, but excluding the Alaska Permanent Fund Dividend or non-taxable payments made under the Alaska Native Claims Settlement Act.
- b. A family's failure to provide the requisite income information results in the family being charged the maximum ~~monthly~~ annual participation fee as established by the Alaska DHSS Sliding Fee Scale included in the Family Consent and Family Fee Packet. (34 CFR §303.521(a)(5))

### 5. *Use of Public Benefits or Insurance* (34 CFR §303.520(a))

- a. The DHSS EI/ILP ensures that families are not required to sign up for or enroll in public benefits or insurance as a condition of receiving Part C early intervention services and that parent consent must be obtained prior to use of public benefits or insurance if that child or parent is not already enrolled.
- b. The Alaska EI/ILP or its EIS Program obtains parental consent, consistent with 34 CFR §§303.7 and 303.420(a)(4), at the time of intake using the Part C Early Intervention Consent to Bill Public and/or Private Insurance form included in the Family Consent and Family Fee Packet prior to using a child's or parent's public benefits or insurance to pay for Part C services if that use would:
  - i. Decrease available lifetime coverage or any other insured benefit for that child or parent under that program;
  - ii. Result in the child's parents paying for services that would otherwise be covered by the public benefits or insurance program;
  - iii. Result in any increase in premiums or discontinuation of public benefits or insurance for that child or that child's parents; or

- iv. Risk loss of eligibility for the child or that child's parents for home and community-based waivers based on aggregate health-related expenditures.
  - c. If the parent does not provide consent for using public benefits or insurance, the Alaska EI/ILP still makes available those Part C services on the IFSP to which the parent has provided consent.
  - d. At intake, when consent is obtained for using public benefits or insurance, the Alaska Early Intervention/Early Learning Program provides written notification to the child's parents. The notification includes:
    - i. A statement that parental consent is obtained under 34 CFR §303.414 before the DHSS EI/ILP or the EIS Program discloses, for billing purposes, a child's personally identifiable information to the Division of Health Care Services in the DHSS Services, which is responsible for the administration of the Alaska public benefits or insurance program;
    - ii. A statement of the no-cost protection provisions in 34 CFR §303.520(a)(2) and that if the parent does not provide the consent under 34 CFR §303.520(a)(2), the Early Intervention/Early Learning Program still makes available those Part C services on the IFSP for which the parent has provided consent;
    - iii. A statement that the parents have the right under 34 CFR §303.414, to withdraw their consent to disclosure of personally identifiable information to the Division of Health Care Services in the DHSS, which is responsible for the administration of the Alaska public insurance programs at any time;
    - iv. A statement that parents who choose to use insurance to pay for services will be responsible for paying the copayments and deductibles up to the maximum monthly fee amount;
    - v. A statement that families are responsible for paying their public insurance premiums, if any; and
    - vi. A statement that private insurance, with parental consent, is used as the primary insurance when children are dually enrolled in public benefits or insurance and private insurance.
6. *Use of private insurance to pay for Part C services* (34 CFR §303.520(b))
- a. The DHSS EI/ILP and EIS Programs obtains parental consent, consistent with 34 CFR §§303.7 and 303.420(a)(4), prior to using private insurance to pay for the initial provision of Part C services in the Individualized Family Service Plan. This includes the use of private insurance when such use is a prerequisite for the use of public benefits or insurance. Parental consent is also obtained each time consent for services is required under 34 CFR §303.420(a)(3) due to an increase (in frequency, length, duration, or intensity) in the provision of services in the child's Individualized Family Service Plan.
  - b. In accordance with 34 CFR §303.520(b)(1)(ii), the EIS Program provides a copy of Alaska's System of Payment policies to families whenever parental consent is obtained in 6(a) above. This includes:
    - i. Potential costs that the parent may incur when using their private insurance include co-payments, deductibles, premiums, or other long-term costs such as the loss of benefits because of annual or lifetime caps under the insurance policy.
    - ii. The potential that the use of the family's private health care coverage/insurance may negatively affect the availability of health insurance to the child with a disability, the parent, or the child's family members covered under the policy and health care coverage/insurance may be discontinued due to the use of the insurance policy to pay for Part C early intervention services; or

- iii. The potential that health care coverage/insurance premiums may be affected by the use of private insurance to pay for early intervention services.
- c. Alaska has not enacted a statute regarding private health insurance coverage for early intervention services under Part C and, therefore, does not have all necessary protections in place that would eliminate the need for obtaining parental consent when using private insurance.
- d. Families are responsible for paying their insurance premiums.
- e. For parents who have been determined unable to pay and who do not provide consent to use private insurance, the lack of consent cannot be used to delay or deny any Part C services. (34CFR 303.520(c))

## 7. *Family Fees*

- a. ~~An annual participation maximum monthly~~ fee is charged to families as determined by their ability to pay; ~~not to exceed the cost of the service and factoring in any amount received from other sources for payment for that service.~~
- ~~b. The cost of each service session is based upon the most recent available DHSS EI/ILP cost study and rates established by Medicaid for occupational therapy, physical therapy, and speech and language services.~~
- ~~e.b.~~ Families who refuse to provide consent for the use of public benefits or insurance, or private insurance are charged ~~thea~~ maximum ~~annual participation monthly~~ fee; ~~based on their ability to pay~~. For families who have been determined as having an inability to pay, services are provided at no cost.
- ~~d.c.~~ Families who refuse to enroll in public benefits or insurance are charged ~~thea~~ maximum ~~annual participation monthly~~ fee; ~~based on their ability to pay~~. For families who have been determined as having an inability to pay, services are provided at no cost.
- ~~e.d.~~ A ~~monthly~~ family ~~participation~~ fee is not charged for children who are enrolled in Medicaid or Denali Kid Care, a ward of the State, or in foster care.

## 8. *Ability to Pay and Inability to Pay* (34 CFR §303.521(a)(3))

- a. Ability to pay is defined as the amount the family is able to contribute toward the maximum ~~annual monthly~~ fee established by the Sliding Fee Scale included in the Family Consent and Family Fee Packet, as determined by family size, family income, and extraordinary expenses.
- b. Inability to pay is defined as the family's inability to contribute any payment for services as determined by family size, family income, and extraordinary expenses as indicated by a fee of zero dollars (\$0) on the Sliding Fee Scale included in the Family Consent and Family Fee Packet.
- c. The DHSS EI/ILP determines ability to pay and inability to pay at intake and when there are changes in family income, size and or extraordinary expenses by gathering income and expense information in the Family Consent and Family Fee Packet.

## 9. *Sliding Fee Scale* (34 CFR §303.521(a)(1) and (2))

- a. The Sliding Fee Scale, included in the Family Consent and Family Fee Packet determines the maximum ~~annual participation monthly~~ fee that each family is responsible for paying.
- b. The schedule of sliding fees has been established based on the ~~average~~ annual income of families in Alaska, incorporating family size and income.

- ~~c. If a family does not have private insurance, chooses to not access private insurance, or has private insurance and their deductible has not been met, the sliding fee scale is applied to the total amount.~~
- ~~d. If the family provides consent for use of private insurance, the sliding fee scale is applied to any fees not covered by their insurance.~~

#### 10. *Extraordinary Expenses*

Families can adjust their ~~annul participation maximum monthly~~ fee due to extraordinary expenses by completing the Family Fee Calculation Worksheet in the Family Consent and Family Fee Packet. Extraordinary expenses may include expenses related to the child's disability, family medical/health care expense, or a catastrophic life event, such as a natural disaster or other event resulting in drastic reduction of the family financial resources.

#### 11. *Assurances* (34 CFR §303.521(a)(4))

The DHSS EI/ILP assures that:

- a. Fees will not be charged to parents for the services that a child is otherwise entitled to receive at no cost (see 1 above).
- b. The inability of the parents to pay for services will not result in a delay or denial of services under Part C of IDEA to the child or the child's family such that, if the parent or family meets the definition of inability to pay, the infant or toddler with a disability must be provided all Part C services at no cost.
- c. Families will not be charged any more than the actual cost of the Part C service, factoring in any amount received from other sources for payment for that service.
- d. Families with public insurance or benefits or private insurance will not be charged disproportionately more than families who do not have public insurance or benefits or private insurance.
- e. Part C may be used to pay co-payments, deductibles, and premiums in accordance with the payor of last resort provision in 34 CFR §303.510.

#### 12. *Procedural Safeguards* (34 CFR §303.521(e))

- a. Parents who wish to contest the imposition of a fee, or Alaska's determination of the parent's ability to pay, may do one of the following:
  - i. Participate in mediation in accordance with 34 CFR §303.431;
  - ii. Request a due process hearing under 34 CFR §303.436 ;
  - iii. File a State complaint under 34 CFR §303.434.
- b. The EIS Program informs parents of these procedural safeguard options by including this information with the procedural safeguard notice to parents under 34 CFR §303.421.

#### G. **Proceeds or Funds** (34 CFR §303.520)

##### 1. *Proceeds or funds from public insurance or benefits or from private insurance* (34 CFR §303.520(d))

- a. Alaska DHSS EI/ILP does not treat proceeds or funds from public insurance or benefits or from private insurance as program income for the purposes of 34 CFR §80.25.
- b. When DHSS EI/ILP receives reimbursements from Federal funds (e.g., Medicaid reimbursements attributable directly to Federal funds) for Part C services, those funds are considered neither State nor local funds under 34 CFR §303.225(b).

- c. When DHSS EI/ILP spends funds from private insurance for Part C services, those funds are considered neither State nor local funds under 34 CFR §303.225.
- 2. *Funds received from a parent or family member under the State's System of Payments* (34 CFR §303.520(e))
  - a. Funds received by DHSS EI/ILP from a parent or family member under the System of Payments are considered program income under 34 CFR § 80.25. These funds:
    - i. Are not deducted from the total allowable costs charged under Part C as set forth in 34 CFR §80.25(g)(1);
    - ii. Must be used for the State's Part C early intervention services program, consistent with 34 CFR §80.25(g)(2); and
    - iii. Are considered neither State nor local funds under 34 CFR §303.225(b).