

441(b); Gen: LK

November 22, 1994

HEALTH CARE FINANCING ADMINISTRATION  
REGIONAL IDENTICAL LETTER NO. 95-022

TO: ALL STATE MEDICAID DIRECTORS

Subject: Cochlear Implants

We have recently learned that some State Medicaid Agencies are indicating that cochlear implants are not a covered service for Medicaid eligible children even under Early and Periodic Screening, Diagnostic and Treatment (EPSDT). We wish to clarify this issue for those states and address two specific questions.

A cochlear implant is a microelectronic prosthetic device that restores auditory function to profoundly deafened individuals who do not benefit from any conventional amplification, such as hearing aids. This is the only device approved by the Food and Drug Administration for the treatment of bilateral sensorineural hearing loss in both adults and children.

Although the Medicaid program is jointly funded by the State and Federal governments, it is administered by the States. Within broad Federal guidelines, states establish what services will be available and the conditions which must be met in order for items or services to be covered. Federal regulations provide for coverage of prosthetic devices which may include cochlear implants. However, Federal regulations do not list specific prosthetic devices which are covered.

EPSDT services are available to individuals under the age of 21. Under EPSDT, States are required to provide all medically necessary health care, treatment and other necessary services which are coverable under Medicaid to EPSDT eligibles for conditions discovered during screening services, even if the item or service is not available to the Medicaid eligible adult population. However, States are responsible for making the determination of medical necessity on a case-by-case basis. Federal Medicaid policy does not generally dictate what treatment or device should be used to correct or ameliorate a specific condition. Therefore, a State may determine that a cochlear implant is not medically necessary for one child but may be medically necessary for another child depending on specific medical conditions and patient criteria.

Coverage of the cochlear implant is available under the Medicare program for children who are entitled to Medicare. Medicare has a specific list of patient selection guidelines for providing the

cochlear implant to children ages 2 through 17 years of age. In the case of a child who is dually eligible for both Medicare and Medicaid, Medicare coverage is primary to Medicaid.

Question 1: Can States deny to eligible EPSDT beneficiaries the only treatment available to "correct or ameliorate" a hearing defect (see CFR 441.50)?

Answer: As we have indicated above, States are responsible for making medical necessity determinations on a case-by-case basis. In making these determinations States would consult their medical advisors. If a State determines in consultation with its medical advisor(s), that a cochlear implant is the only medically necessary means of treating a particular child, then the State would have to cover the implant. States cannot deny Federally coverable medically necessary treatment to an EPSDT recipient. However, a State may determine which treatment will be provided among alternative treatments.

Question 2: If States are required to provide eligible EPSDT beneficiaries the only treatment available "to correct or ameliorate" a hearing defect (see CFR 42 441.56(c)(1)), must reimbursement by the States include all costs necessary to provide this treatment (such as therapy, rehabilitation, and repair or replacement of a prosthetic device)?

Answer: In general, a State Medicaid agency is responsible for providing services which are necessary for a child to properly utilize the prosthetic device, however, there is no requirement that a cost-based reimbursement methodology be used.

Please note that the Regional Office may be following up with States to determine how cochlear implant coverage is handled for Medicaid eligible children. If you have any additional questions, please contact Laurie Konsella at (303) 844-6216, extension 381.

/s/

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