

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER 1 0 - 2 2	2. STATE Oklahoma
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	

TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE April 1, 2010
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5. TYPE OF PLAN MATERIAL (Check One)

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS A NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION 42 CFR 440.10, 42 CFR 440.50, 42 CFR 440.60, 42 CFR 440.166	7. FEDERAL BUDGET IMPACT a. FFY <u>2010</u> (\$2,141,056) b. FFY <u>2011</u> (\$4,282,113)
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT See Attachment	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) See Attachment
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10. SUBJECT OF AMENDMENT

3.25% reduction in reimbursement for Outpatient Hospital Services

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED The Governor does not review State Plan material.
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL 	16. RETURN TO Oklahoma Health Care Authority Attn: Cindy Roberts 4545 N. Lincoln Blvd., Suite 124 Oklahoma City, OK 73105
13. TYPED NAME Mike Fogarty	
14. TITLE Chief Executive Officer	
15. DATE SUBMITTED June 29, 2010	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED 29 June, 2010	18. DATE APPROVED 23 Spetember, 2010
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL 1 April, 2010	20. SIGNATURE OF REGIONAL OFFICIAL
21. TYPED NAME Bill Brooks	22. TITLE Associate Regional Administrator Division of Medicaid & Chidlren's Health
23. REMARKS c. Mike Fogarty Cindy Roberts Tywanda Cox Traylor Rains Rodney Ikard	

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE**

I. Outpatient Hospital Reimbursement

General

The agency's fee schedule rate was set as of December 1, 2008, and is effective for service provided on or after that date. All rates are published on the agency's website at www.okhca.org. A uniform rate is paid to governmental and non-governmental providers.

Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers of outpatient hospital services and the fee schedule and any annual/periodic adjustments to the fee schedule are published on the agency's website. These provisions apply to all hospitals approved for participation in the Oklahoma SoonerCare program. In no case can reimbursement for outpatient hospital services exceed the upper payment limits as defined under 42 CFR 447.321. Laboratory services will not exceed maximum levels established by Medicare. Clinical diagnostic lab services (not laboratory services) do not exceed the maximum levels.

Effective February 1, 2010, payment for outpatient services will not be made for three national coverage determinations which relate to serious, preventable errors in medical care. These errors include surgery performed on wrong body part, surgery performed on wrong patient, and wrong surgery performed on patient.

Effective for services provided on or after 04-01-10, the rates in effect on 03-31-10 will be decreased by 3.25%.

A. Emergency Room Services

1. Payment will be made based on Medicare APC groups for Type A and Type B Emergency Departments. All rates are published on the agency's website at www.okhca.org. A uniform rate is paid to governmental and non-governmental providers.
2. Effective for services provided on or after 04-01-10, the rates in effect on 03-31-10 will be decreased by 3.25%.

B. Outpatient Surgery

1. Payment will be made for certain outpatient surgical procedures provided in hospitals and ambulatory surgery centers based on the Medicare Ambulatory Surgery Center (ASC) facility services payment system. The surgical procedures are classified into payment groups based on Current Procedural Terminology (CPT). All procedures within the same payment group are paid at a single payment rate. For purposes of specifying the services covered by the facility rate, the OHCA hereby adopts and incorporates herein by reference the Medicare ASC procedures. All rates are published on the agency's website at www.okhca.org. A uniform rate is paid to governmental and non-governmental providers.

Revised 04-01-10

TN# 10-22 Approval Date 9-23-10 Effective Date 7-1-10
Supersedes
TN # 10-03

SUPERSEDES: TN- 10-03

STATE	<u>Oklahoma</u>
DATE REC'D	<u>6-29-10</u>
DATE APPV'D	<u>9-23-10</u>
DATE EFF	<u>7-1-10</u>
HCFA 179	<u>10-22</u>

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**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE**

I. Outpatient Hospital Reimbursement (continued)

B. Outpatient Surgery (continued)

- 2. Facility fees for surgical procedures not covered as ASC procedures and otherwise covered under Medicaid will be reimbursed according to a state-specific fee schedule based on APC pricing. Bilateral or multiple procedures performed in one day will be subject to discounting. All rates are published on the agency's website at www.okhca.org. A uniform rate is paid to governmental and non-governmental providers.
- 3. Separate fees for outpatient surgery services are not payable to the hospital if the patient is admitted to the same hospital within 72 hours.
- 4. Effective for services provided on or after 04-01-10, the rates in effect on 03-31-10 will be decreased by 3.25%.

C. Dialysis Services

- 1. Dialysis visits will be reimbursed at the provider's Medicare composite rate for dialysis services determined by Medicare under 42 CFR 413 subpart H. The facility's composite rate is a comprehensive prospective payment for all modes of facility and home dialysis and constitutes payment for the complete dialysis treatment, except for a physician's professional services, separately billable laboratory services and separately billable drugs.
- 2. The provider must furnish all of the necessary dialysis services, equipment and supplies. Reimbursement for dialysis services and supplies is further defined in the Medicare Provider Reimbursement Manual, HCFA Pub. 15 (referred to as "Pub. 15"). For purposes of specifying the services covered by the composite rate and the services that are separately billable, the agency hereby adopts and incorporates herein by reference Pub. 15. All rates are published on the agency's website at www.okhca.org. A uniform rate is paid to governmental and non-governmental providers.
- 3. Effective for services provided on or after 04-01-10, the rates in effect on 03-31-10 will be decreased by 3.25%.

D. Ancillary Services, Imaging and Other Diagnostic Services

Ancillary services, imaging services, and other diagnostic services will be reimbursed on a prospective basis by paying the lower of usual and customary charges or a fee basis.

- 1. Services such as physical, occupational, and speech therapy services are reimbursable at a flat statewide fee schedule rate. The rate is based on APC group 0600.
- 2. For each imaging service or procedure, the fee will be the technical component of the Medicare resource-based relative value scale (RBRVS).
- 3. For each diagnostic service or procedure, the fee will be the technical component of the RBRVS. For those services where there is no technical component under RBRVS, the fee will be 100 percent of the global value.
- 4. A facility fee will be reimbursed to the hospital for the services listed in D.2-3 in accordance with the methodology described in I.F. below. All rates are published on the agency's website at www.okhca.org. A uniform rate is paid to governmental and non-governmental providers.
- 5. Effective for services provided on or after 04-01-10, the rates in effect on 03-31-10 will be decreased by 3.25%.

Revised 04-01-10

TN# 10-22 Approval Date 9-23-10 Effective Date 4-1-10

Supersedes

TN # 05-07

SUPERSEDES; TN 05-07

STATE <u>OKlahoma</u>	A
DATE REC'D <u>6-29-10</u>	
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HCFA 179 <u>10-22</u>	

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

I. Outpatient Hospital Reimbursement (continued)

E. Therapeutic Services

1. Payment is made for drugs and supplies for outpatient chemotherapy. A separately billable facility fee payment is made for administration based on Medicare APC group 0117. Claims cannot be filed for an observation room, clinic, or ER visits on the same day.
2. For each therapeutic radiology service or procedure, payment will be the technical component of the Medicare RBRVS. All rates are published on the agency's website at www.okhca.org. A uniform rate is paid to governmental and non-governmental providers.
3. Effective for services provided on or after 04-01-10, the rates in effect on 03-31-10 will be decreased by 3.25%.

F. Clinic Services and Observation/Treatment Room

A fee will be established for clinic visits and certain observation room visits. Reimbursement is limited to one unit per day per patient, per provider. The payment rates are based on APC groups 601 and 0339, respectively. Separate payment will not be made for observation room following outpatient surgery. All rates are published on the agency's website at www.okhca.org. A uniform rate is paid to governmental and non-governmental providers.

Effective for services provided on or after 04-01-10, the rates in effect on 03-31-10 will be decreased by 3.25%.

G. Supplemental Payment Adjustments

Effective January 1, 2007, all in-state hospitals reimbursed under the methodology described in Section V of Attachment 4.19A shall qualify for a supplemental payment adjustment for outpatient services.

1. **Background and Objectives**

In SFY06, the ratio of Medicaid outpatient payments to costs was approximately 80 percent. The intent of the supplemental payments is to address this overall payment disparity and the following additional agency objectives:

- To create incentives for appropriate use of the outpatient setting as providers shift from inpatient to outpatient care; and
- To provide partial compensation for services that are extremely costly and ensure access to appropriate clinical treatments for Medicaid beneficiaries; and
- To ensure sufficient reimbursement to small rural hospitals and critical access hospitals.

2. **Payment Calculations**

All eligible hospitals shall receive the same fee schedule base payments using the methodologies described in I.A-F above for a particular service. A supplemental payment pool will be determined based on the difference in the upper payment limit (UPL).

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TN# 06-11

SUPERSEDES: TN 06-11

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METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

I. **Outpatient Hospital Reimbursement** (continued)

G. **Supplemental Payment Adjustment** (continued)

- a. prescribed in 42 CFR 447.321 and the sum of all outpatient payments (excluding drugs, biologicals and laboratory services) for the state fiscal year.
- b. For purposes of determining the amount of the supplemental payment pool, the agency will determine a payment percentage of the UPL in advance of the state fiscal year. For state fiscal year 2006, the UPL is \$166.8 million and the percentage is .77.
- c. The supplemental payment amount for each qualifying hospital shall be determined by the hospital's costs. An overall outpatient cost- to- charge ratio (CCR) for each hospital will be calculated using the most recently available cost reports, with data taken from Worksheet C, Part 1. The overall CCR for each hospital will be applied to the Medicaid charges for the state fiscal year to determine the Medicaid costs for the year. Total Medicaid costs of all qualifying hospitals shall be summed.
- d. An adjustment to each hospital shall be made based on their total Medicaid cost relative to the Medicaid costs of all qualifying hospitals. Hospitals whose payments exceed their individual UPL will not receive a supplemental payment.
- e. Payment will be made within 30 days following the end of the state fiscal year. Total payments will not exceed the applicable percentage of the UPL for the state fiscal year.

H. **Hospital-based Community Mental Health Centers (CMHCs) Operated by Units of Government**

- 1. CMHCs will be paid on the basis of cost in accordance with the following methodology: An overall outpatient cost- to- charge ratio (CCR) for each hospital will be calculated using the most recently available cost reports, with data taken from Worksheet C, Part 1. The overall CCR for each hospital will be applied to the Medicaid charges for the state fiscal year to determine the Medicaid costs for the year.
- 2. The agency's fee schedule rates are set as of July 1, 2006 and in effect for services provided on or after that date. All rates are published on the agency's website located at www.okhca.org. A uniform rate is paid to governmental and non-governmental providers.
- 3. Effective for services provided on or after 04-01-10, the rates in effect on 03-31-10 will be decreased by 3.25%.

Revised 04-01-10

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