



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Region 10
2201 Sixth Avenue, MS/RX-43
Seattle, Washington 98121

October 18, 2010

Richard Armstrong, Director
Department of Health and Welfare
Towers Building – Tenth Floor
Post Office Box 83720
Boise, Idaho 83720-0036

RE: Idaho State Plan Amendment 10-011

Dear Mr. Armstrong:

The Centers for Medicare & Medicaid Services (CMS) National Institutional Reimbursement Team (NIRT) recently approved Idaho State Plan Amendment (SPA) 10-011.

Although the NIRT Team has already sent the State a copy of the approval for this SPA, the Seattle Regional office is following up with an additional copy for the reason that we were in receipt of the original, signed amendment request.

Therefore, enclosed you will find a copy of the official CMS form 179, amended page(s), and copy of the approval letter from the NIRT Team for your records.

If you have any questions or require assistance concerning the Seattle Regional office role in the processing of this state plan amendment, please contact me, or have your staff contact Daphne Hicks at (206) 615-2317 or jan.mertel@cms.hhs.gov.

Sincerely,

Barbara K. Richards
Associate Regional Administrator
Division of Medicaid and Children's Health
Operations

Enclosure

Cc: Leslie Clement, Administrator, Idaho Department of Health and Welfare

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP, and Survey & Certification

Richard Armstrong, Director
Department of Health & Welfare
Towers Building – Tenth Floor
PO Box 83720
Boise, Idaho 83720-0036

OCT 14 2010

RE: Idaho SPA TN# 10-011

Dear Mr. Armstrong,

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 10-011. This amendment allows the State to redistribute DSH funding from hospitals that are identified through audit to have exceeded the hospital-specific cost limits to other hospitals that were within the cost limits.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 10-011 is approved effective as of July 3, 2010. For your files, we are enclosing the HCFA-179 transmittal form and the amended plan pages.

If you have any questions concerning this state plan amendment, please contact Tom Couch, CMS' Boise Outstation Office, at 334-9482 or Thomas.Couch@cms.hhs.gov.

Sincerely,

Cindy Mann
Director
Center for Medicaid, CHIP, and Survey & Certification

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
10-011

2. STATE
IDAHO

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 3, 2010

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

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

6. FEDERAL STATUTE/REGULATION CITATION:
Pursuant to 42 CFR § 447.205

7. FEDERAL BUDGET IMPACT:
None

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
ATTACHMENT: 4.19-A pages 11 and 12

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
ATTACHMENT: 4.19-A pages 11 and 12

10. SUBJECT OF AMENDMENT: The change will require hospitals to refund Disproportionate Share Hospital (DSH) payments that exceed documented hospital specific cost limits. These refunded payments will be redistributed to other qualifying hospitals or promptly returned to the Federal Government according to Federal statutory limits.

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
LESLIE M. CLEMENT

14. TITLE:
Administrator

15. DATE SUBMITTED: **8/11/10**

16. RETURN TO:

Leslie M. Clement, Administrator
Idaho Department of Health and Welfare
Division of Medicaid
PO Box 83720
Boise ID 83720-0036

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: **AUGUST 12 2010**

18. DATE APPROVED: **OCT 14 2010**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPLICATION: **JUL 03 2010**

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Barbara K. Richards

22. TITLE:
**Associate Regional Administrator
Division of Medicaid &
Children's Health**

23. REMARKS:

04. **Insufficient DSH Allotment Amount.** When the DSH Allotment Amount is insufficient to make the aggregate amount of DSH payments, DSH payments to each hospital will be reduced by the percentage by which the DSH allotment amount was exceeded. On a quarterly basis, the state shall monitor DSH payments against the DSH Allotment Amount.
05. **DSH Payments Will Not Exceed Costs.** A DSH payment will not exceed the uncompensated costs incurred during the year of furnishing services to Medicaid patients, less the amount paid by the State under the non-DSH payment provisions of the State plan, plus the costs of services provided to patients who have no health insurance or source of third party payment for services provided during the year, less the amount of payments made by these patients.
- a. Payments made to a hospital for services provided to indigent patients by a State or a unit of local government within a State shall not be considered a source of third party payment.
 - b. Claims of uncompensated costs that increase the maximum amount which a hospital may receive as a DSH payment must be documented.
 - c. To the extent that audit findings demonstrate that DSH payments exceed the documented hospital specific cost limits, the Department will collect overpayments and redistribute DSH payments.
 - d. If at any time during an audit the Department discovers evidence suggesting fraud or abuse by a provider, that evidence, in addition to the Department's final audit report regarding that provider, will be referred to the Medicaid Fraud Unit of the Idaho Attorney General's Office.
 - e. The Department will submit an independent certified audit to CMS for each completed Medicaid State plan rate year, consistent with 45 CFR 455.304 Subpart D "Independent Certified Audit of State Disproportionate Share Hospital Payment Adjustments."
 - f. Beginning with FFY 2011, if based on the audit of the DSH allotment distribution the Department determines that there was an overpayment to a provider, the Department will immediately:
 - (1) Recover the overpayment from the provider; and
 - (2) Redistribute the amount in overpayment to providers that had not exceeded the hospital-specific upper payment limit during the period in which the DSH payments were determined. The payments will be subject to hospital-specific upper payment limits.
 - g. Disproportionate share payments must not exceed the DSH state allotment, except as otherwise required by the Social Security Act. In no event is the Department obligated to use State Medicaid funds to pay more than the State Medicaid percentage of DSH payments due a provider.

06. DSH Payment Distribution.

- a. DSH payments will be calculated for distribution to Mandatory DSH hospitals, defined in section 454.02, first, then to Deemed DSH hospitals, defined in section 454.03. When there is a balance of federally allotted DSH money after Mandatory DSH and Deemed DSH payments have calculated, the balance of DSH money will be calculated for distribution to all eligible hospitals until the balance of DSH money is zero.
- b. DSH payments made to private hospitals are governed by Idaho Code 56-1401 passed in the 2009 Legislative session.

455. **ORGAN TRANSPLANT AND PROCUREMENT REIMBURSEMENT** Organ transplant and procurement services by facilities approved for kidneys, bone marrow, liver, or heart will be reimbursed the lesser of ninety-six and one half percent (96.5%) of Reasonable Cost under Medicare payment principles or Customary Charges. Follow up care provided to an organ transplant patient by a provider not approved for organ transplants will be reimbursed at the provider's normal reimbursement rates. Reimbursement to Independent Organ Procurement Agencies and Independent Histocompatibility Laboratories will not be covered.

456. **OUT-OF-STATE HOSPITALS.**

01. **Cost Settlements for Certain Out-of- Hospitals.** Hospitals not located in the State of Idaho will have a cost settlement computed with the State of Idaho if the following