

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
**FROM: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:  
10-012-UT

2. STATE:  
Utah

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

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

4. PROPOSED EFFECTIVE DATE  
July 1, 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:

42 CFR 440.20

7. FEDERAL BUDGET IMPACT:

a. FFY 2010 \$0

b. FFY 2011 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Page 1 of Attachment 4.19-B

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Page 1 of Attachment of 4.19-B

10. SUBJECT OF AMENDMENT:

Outpatient Hospital Payments

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: *[Signature]*

13. TYPED NAME:

David N. Sundwall, MD

14. TITLE:

Executive Director, Utah Department of Health

15. DATE SUBMITTED:

September 30, 2010

16.

16. RETURN TO:

Craig Devashrayee, Manager  
Technical Writing Unit  
Utah Department of Health  
PO Box 143102  
Salt Lake City, UT 84114-3102

17. DATE RECEIVED:

9/30/10

18. DATE APPROVED:

12/20/10

FOR REGIONAL USE ONLY

19. EFFECTIVE DATE OF APPROVED MATERIAL:

7/1/10

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Richard C. Allen

22. TITLE:

ARA, DMCHD

PLAN APPROVED - ONE COPY ATTACHED

3. REMARKS

A. OUTPATIENT HOSPITAL AND OTHER SERVICES

1. Except for emergency room, lithotripsy, Federally Qualified Health Centers, laboratory and radiology services, the payment level for outpatient hospital claims will be based on 69% allowed charges for urban hospitals and 83% allowed charges for rural hospitals.
2. Payments for emergency room services vary depending on urban/rural designation and whether the service is designated as "emergency" or "non-emergency." The "emergency" designation is based on the principal diagnosis (ICD-9 Codes). Rural hospitals will receive 88% of charges for emergency services and 58% for non-emergency use of the emergency room. Urban hospitals will receive 88% of charges for emergencies and 36% of charges for non-emergency use of the emergency room.
3. Payment for lithotripsy services is a fixed fee. The fee is all-inclusive except for physician services that are billed on the CMS-1500. The rate includes all services related to lithotripsy for 90 days. No additional payment will be made for repeat procedures within the 90-day period. Treatment of the kidney on the opposite side will be paid as a separate treatment, but is also subject to the 90-day restriction. The payment rate will be reviewed and updated annually using economic trends and conditions. The agency's rates were set as of October 1, 2003, and are effective for services on or after that date. All rates are published on the agency's website. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.
4. Payment for laboratory and radiology services provided in a hospital to outpatients will be made based on HCPCS codes and an established fee schedule, unless a lesser amount is billed. The fee schedule used to pay physicians is used to establish payment rates. The agency's rates were set as of May 25, 2009, and are effective for services on or after that date. All rates are published on the agency's website. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.
5. Billed charges shall not exceed the usual and customary charge to private pay patients.
6. Payments for all outpatient services are limited to the aggregate annual amount Medicare would pay for the same services as required by 42 CFR 447.321.
7. Payments for physical therapy/occupational therapy are based on the established fee schedule unless a lower amount is billed. Fees are established by discounting historical charge, by professional judgement, and by the physical therapy and occupational therapy fee schedule. Since the amount of physical therapy and occupational therapy is limited, the select case management committee of the facility will determine which type of service (physical therapy or occupational therapy) should be provided for the patient by the facility. The amount of physical therapy provided will affect the amount of occupational therapy available, and vice versa. The agency's rates were set as of October 1, 2008, and are effective for services on or after that date. All rates are published on the agency's website. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.
8. Payment for partially completed services billed with a Modifier "73" shall be paid at 50% of the regularly schedule payment rate. This is to allow for the payment for the services that were rendered yet not completed due to a physician decision or for any other reason. This modifier is attached to the list of physician modifiers as per Attachment 4.19-B, Section D(6), Physicians special modifiers.
9. Effective July 1, 2010, payments for hospital outpatient services paid on a percent of billed charges will transition to a fee schedule. The codes paid under the new fee schedule include "J-Codes" (injectables) and the following revenue codes: 25X, 37X, 41X, and 72X. Payments for emergency room services will be adjusted from the base rate depending on urban/rural designation and whether the service is designated as "emergency" or "non-emergency." The "emergency" designation is based on the principal diagnosis (ICD-9 Codes). All rates are published at <http://health.utah.gov/medicaid/>.

T.N. # 10-012

Approval Date 12/20/10

Supersedes T.N. # 10-006

Effective Date 7-1-10