

Table of Contents

State/Territory Name: District of Columbia

State Plan Amendment (SPA) # 13-05

This file contains the following documents in the order listed:

- 1.) Approval Letter**
- 2.) Summary Form**
- 3.) Approved SPA Pages**

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
150 S. Independence Mall West
Suite 216, The Public Ledger Building
Philadelphia, Pennsylvania 19106-3499



Region III/Division of Medicaid and Children's Health Operations

SWIFT #062820134029

FEB 19 2014

Dr. Linda Elam, Ph.D., MPH
Deputy Director/Medicaid and CHIP
Department of Health Care Finance
Judiciary Square
441 4th Street, NW, Suite 900S
Washington, D.C. 20001

RE: District of Columbia's (DC) State Plan Amendment (SPA) #13-05, Outpatient Hospital Supplemental Payments

Dear Dr. Elam:

We have completed our review of the District of Columbia's response dated December 18, 2013 to our Request for Additional Information (RAI) dated September 24, 2013 for State Plan Amendment (SPA) #13-05, related to outpatient hospital supplemental payments. As the District's revisions to its outpatient Upper Payment Limit (UPL) and related payment distribution appear sufficient, this SPA is now approved. The provisions of this SPA are effective for the period beginning May 1, 2013 through September 30, 2014. The approved SPA pages related to 4.19B, Part 1, pp. 6a-1, 6a-2 and 6a-3 are attached.

If you have any questions regarding this correspondence, please contact Sabrina Tillman-Boyd at 215-861-4721. She can also be reached at Sabrina.Tillman-Boyd@cms.hhs.gov.

Sincerely,

Francis McCullough
Associate Regional Administrator

cc: C. Schlosberg, DHCF
D. Fields, DHCF

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 13-05	2. STATE District of Columbia
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		3. PROGRAM IDENTIFICATION: Title XIX of the Social Security Act	
TO: Regional Administrator Centers for Medicare & Medicaid Services Department of Health and Human Services		4. PROPOSED EFFECTIVE DATE May 1, 2013	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION 42 CFR Part 447.201 42 CFR Part 447.302 Subpart B		7. FEDERAL BUDGET IMPACT a. FFY 13 \$12,333,118 b. FFY 14 \$29,599,482	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19B, Part 1, pp 6a-6a-2,6b		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19B, Part 1, pp 6a-6b	
10. SUBJECT OF AMENDMENT: Medicaid Hospital Outpatient Supplemental Payment			
11. GOVERNOR'S REVIEW (Check One) <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Resolution Number: 19-694			
12. SIGNATURE OF STATE AGENCY OFFICIAL		16. RETURN TO	
13. TYPED NAME Linda Elam, Ph.D.		Linda Elam, Ph.D. Deputy Director/Medicaid Director Department of Health Care Finance 899 N. Capitol St., NE Washington, DC 20002	
14. TITLE Senior Deputy Director/Medicaid Director			
15. DATE SUBMITTED June 26, 2013			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED JUN 27 2013		18. DATE APPROVED FEB 19 2014	
19. PLAN APPROVED C			
20. EFFECTIVE DATE OF APPROVED MATERIAL MAY 01 2013			
21. TYPED NAME Linda Elam, Ph.D.		22. TITLE Regional Administrator	
23. REMARKS			

- f. For outpatient visits and services beginning May 1, 2013 and ending on September 30, 2014, each eligible hospital shall receive a supplemental hospital access payment calculated as set forth below:
- (1) Except as provided in Subsection (3) and (4), additional quarterly access payments shall be made to each eligible hospital in an amount equal to each hospital's FY 2011 outpatient Medicaid payments divided by the total applicable hospital FY 2011 outpatient Medicaid payments multiplied by one quarter of the total outpatient private hospital access payment pool of \$41,025,417 minus \$250,000. The private hospital access payment pool shall be equal to the available spending room under the private hospital upper payment limit;
 - (2) Applicable hospital FY 2011 outpatient Medicaid payments shall include all outpatient Medicaid payments to Medicaid participating hospitals located within the District of Columbia except for the United Medical Center;
 - (3) In addition to the payment established in Subsection (a), all private children's hospitals with less than 150 beds located in the District of Columbia that participate in the Medicaid program shall receive an additional \$250,000 as an adjustment to the quarterly access payments;
 - (4) In no instance shall a Disproportionate Share Hospital (DSH) hospital receive more in quarterly access payments than the hospital-specific DSH limit, as adjusted by the District in accordance with the District's State Plan for Medical Assistance (State Plan). Any private hospital quarterly access payments that would otherwise exceed the adjusted hospital-specific DSH limit shall be distributed to other qualifying private hospitals based on each hospital's FY 2011 outpatient Medicaid payments relative to the total qualifying private hospital FY 2011 outpatient Medicaid payments;
 - (5) For visits and services beginning May 1, 2013, quarterly access payments shall be made to the United Medical Center. Each payment shall be equal to one quarter of the public hospital access payment pool amount of \$1,259,557. The public hospital access payment pool shall be equal to the lessor of the available spending room under the non-State government hospital upper payment limit and the hospital-specific DSH limit as adjusted by the District in accordance with the State Plan; and

- (6) Payments shall be made 15 business days after the end of the quarter for the Medicaid visits and services rendered during that quarter.

g. For purposes of Section 8.f., the following terms shall have the meanings ascribed.

- (1) Available spending room - The remaining room for outpatient hospital reimbursement that when combined with all other outpatient payments made under the District's Medicaid State plan shall not exceed the allowable federal outpatient hospital upper payment limit specified in 42 CFR 447.321.
- (2) Upper payment limit – The federal requirement limiting outpatient hospital Medicaid reimbursement to a reasonable estimate of the amount that would be paid for the services furnished by the group of facilities under Medicare payment principles consistent with 42 CFR 447.321 and as calculated below.

For hospitals within the District of Columbia, the outpatient UPL was determined by first calculating the difference between the estimated Medicaid costs and the Medicaid payments for each hospital and then summing those differences by hospital class. In each of the steps below, hospitals fiscal years ending between June 30, 2011 and December 31, 2011 were utilized for the Medicare cost report data and District fiscal year 2011 (10/1/2010-9/30/2011) data was utilized for the Medicaid data.

- i. The following total hospital costs were summed from the Medicare cost report (2552-10):
Worksheet C, Part I column 5 lines 30-43
Worksheet C, Part I column 5 lines 50-91
- ii. The following total hospital charges were summed from the Medicare cost report (2552-10):
Worksheet C, Part I column 6 lines 30-43
Worksheet C, Part I column 6 lines 50-91
Worksheet C, Part I column 7 lines 30-43
Worksheet C, Part I column 7 lines 50-91
- iii. The total hospital costs in 1. were then divided by the total hospital charges in 2. to establish the total hospital CCR.

- iv. Outpatient Medicaid charges and payments were extracted from Medicaid MMIS data.
 - v. Medicaid charges were multiplied by the CCR in 3. to establish estimated Medicaid costs.
 - vi. Estimated Medicaid costs from 5. were inflated using the market basket rates. They were inflated by two full years to trend District fiscal year 2011 Medicaid data to District fiscal year 2013.
 - vii. Medicaid payments from 4. were then subtracted from the total Medicaid costs in 6. to find the outpatient upper payment limit gap for the District hospitals. The sum of the differences for the private hospitals represents the annual private outpatient UPL gap, and the sum of the differences for the non-State government hospitals represents the annual non-State government outpatient UPL gap.
- (3) Disproportionate Share Hospital – A hospital located in the District of Columbia that meets the qualifications established pursuant to Section 1923(b) of the Social Security Act (42 U.S.C. 1396r-4).
- (4) Hospital-specific DSH limit - The federal requirement limiting hospital disproportionate share hospital (DSH) payments to the uncompensated care of providing inpatient and outpatient hospital services to Medicaid and uninsured individuals, consistent with Section 8 of Attachment 4.19-A of the District's federally approved Medicaid State plan.
- (5) Eligible Hospital – A hospital located in the District of Columbia that participates in the District of Columbia Medicaid program.