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State/Territory Name: Idaho

State Plan Amendment (SPA) #: 13-017

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages



MAY 09 2014

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

RE: Idaho SPA TN# 13-017


Dear Mr. Armstrong,

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 13-017. This amendment revises the calculation of the inpatient private hospital upper payment limit (UPL) through the application of Medicare's prospective payment system, which is a diagnosis-related group (DRG) approach.


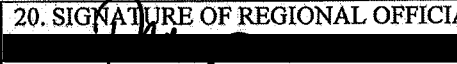
We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 13-007 is approved effective as of July 1, 2013. 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

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 13-017	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 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: 1905(a)(6), 1905(a)(12) and 2110(a)(24) of the Social Security Act		7. FEDERAL BUDGET IMPACT: FFY 2013 [\$1,890,000] Total (\$ Federal Funds (P&I) FFY 2014 [\$5,669,000] FFY 2013 (\$0)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, pages 13 and 13a. Attachment 4.19-A, page 13a-1		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-A, pages 13 and 13a.	
10. SUBJECT OF AMENDMENT: This change is being made to state the method by which the private hospital Medicaid upper payment limit is calculated for inpatient hospital services.			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input checked="" type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Paul J. Leary, Administrator Idaho Department of Health and Welfare Division of Medicaid PO Box 83720 Boise ID 83720-0009	
13. TYPED NAME: Paul J. Leary			
14. TITLE: Administrator			
15. DATE SUBMITTED: 9-16-13			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 9/16/13		18. DATE APPROVED: MAY 09 2014	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2013		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Penny Thompson		22. TITLE: Deputy Director, Policy & Financial Mgt. PMCS	
23. REMARKS:			

11/06/2013 state authorizes P&I change to box 8 and 9

4/17/14 state authorizes P&I change to box 7

The supplemental payments made to non-state government-owned and/or operated hospitals are subject to prior federal approval and a contractual commitment by the hospitals not to allow expenditures paid for by the supplemental payments to be included in costs used to set Medicaid hospital payment rates.

The supplemental payments shall not be subject to rules governing payments to hospitals found in IDAPA 16.03.9 (Effective 3/30/07). However, they shall not exceed the Medicaid upper payment limits for non-state government-owned and/or operated hospital payments. The Medicaid upper payment limit analysis will be performed prior to making the supplemental payments.

Distributed supplemental payments will be made by the end of each State fiscal year and will be calculated based on the previous calendar year's Medicaid payment data (e.g., For State fiscal year 2014, the 2012 calendar year will be used to calculate the Medicaid payment data.).

02. SUPPLEMENTAL PAYMENTS FOR PRIVATE HOSPITALS.

The supplemental payments made to private hospitals are subject to prior federal approval and a contractual commitment by the hospitals not to allow expenditures paid for by the supplemental payments to be included in costs used to set Medicaid hospital payment rates.

Subject to the provisions of this section, eligible providers of Medicaid inpatient hospital services shall receive a supplemental payment each state fiscal year. Eligible providers are private hospitals with emergency departments, and private hospitals that are categorized as "rehabilitation" or "psychiatric" as provided in section II.C. of the "Application for Hospital Licenses and Annual Report 2012" by the Bureau of Facility Standards of the Department of Health and Welfare.

The supplemental payments are intended to be used to improve access to health care. The payments made to these facilities will be based on the aggregate difference in the actual amount paid by the Medicaid program and the amount that would have been paid up to the DRG Medicare payment principles. The upper payment limit will be determined on an annual basis. This approach identifies the upper limit through the application of Medicare's prospective payment system, which is a diagnosis related group (DRG) payment system. The upper payment limit computes for each hospital the Medicare DRG payment amount for each Medicaid discharge by determining a Medicare equivalent case mix index based on Medicaid discharges.

This upper payment limit also uses a payment per discharge calculation of the amount of Medicare pass-through and add-on reimbursement including, but not limited to outlier, graduate medical education, organ acquisition, routine and ancillary pass-through, IME, DSH, and capital payments. The Medicare pass-through and add-on reimbursement are identified from the Medicare cost report and adjusted for Medicaid where applicable. The hospital's Medicare payment per discharge, which includes the DRG and pass-through/add-on amounts are applied to the number of Medicaid discharges. The latest available information is used for Medicare DRG, Medicare pass-through and add-on payments, Medicare discharges, and Medicaid discharges. Inflation factors are defined from Global Insight's CMS PPS Hospital Market Basket. The inflation factors are applied accordingly to determine individual hospitals Medicare payment for the UPL period. The sum of each hospital's estimated Medicare payment for Medicaid discharges is the aggregate upper payment limit for the private hospital class.

Supplemental payments made to the private hospitals that provide inpatient hospital services will be distributed to all hospitals within that group based on a hospital's percentage of Medicaid inpatient days to total inpatient days within the group.

The supplemental payments shall not be subject to rules governing payments to hospitals found in IDAPA 16.03.09 (Effective 3/30/07). However, they shall not exceed the Medicaid upper payment limits private hospital payments. The Medicaid upper payment limit analysis will be performed prior to making the supplemental payments.

Distributed supplemental payments will be made by the end of each State fiscal year and will be calculated based on the previous calendar year's Medicaid payment data (e.g., For State fiscal year 2014, the 2012 calendar year will be used to calculate the Medicaid payment data.).