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State Plan Amendment (SPA) #:18-0005

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



Financial Management Group

Russ Barron, Director
Idaho Department of Health and Welfare
Post Office Box 83720
Boise, Idaho 83720-0036

AUG 21 2018

RE: ID State Plan Amendment (SPA) Transmittal Number #18-0005 – Approval

Dear Mr. Barron:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 18-0005. This SPA changes the inpatient hospital upper payment limit (UPL) demonstration method from diagnosis related group (DRG) based to cost-based for non-state government owned (NSGO) and private hospitals.

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 18-0005 is approved effective as of June 6, 2018. 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' RO NIRT Representative at 208-861-9838 or Thomas.Couch@cms.hhs.gov.

Sincerely,



Kristin Fan
Director

Enclosures

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

FOR: HEALTH CARE FINANCING ADMINISTRATION

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

1. TRANSMITTAL NUMBER:
18-0005

2. STATE
IDAHO

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

4. PROPOSED EFFECTIVE DATE

June 6th, 2018

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:
1905(a)(6), 1905(a)(12) and 2110(a)(24) of the Social Security Act

7. FEDERAL BUDGET IMPACT:
Total (\$) Federal Funds
FFY2018 ~~(\$0)~~ \$7,512,705 (P&I)
FFY2019 (\$0)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
13 through 13a-1 of Attachment 4.19-A

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):
13 through 13a-1 of Attachment 4.19-A

10. SUBJECT OF AMENDMENT:

The method by which the Upper Payment Limit calculation for non-state government owned and privately-owned hospitals is being revised to a Cost Base methodology.

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:

MATT WIMMER

14. TITLE:

Administrator

15. DATE SUBMITTED:

16. RETURN TO:

Matt Wimmer, Administrator
Idaho Department of Health and Welfare
Division of Medicaid
PO Box 83720
Boise ID 83720-0009

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
6/22/18

18. DATE APPROVED: **AUG 21 2018**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: **JUN 06 2018**

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: **Director, Kristin Fan**

22. TITLE: **Director, FNIC**

23. REMARKS:

7/26/18: State authorized a P&I change to box 7

conditions are met:

- a. Total inpatient and outpatient covered charges are more than fifty thousand dollars (\$50,000) in the fiscal year; or
 - b. When less than fifty thousand dollars (\$50,000) of the covered charges are billed to the state by the provider, and a probable significant underpayment or overpayment is identifiable, and the amount makes it administratively economical and efficient for cost settlement to be requested by either the provider or the state, a cost settlement will be made between the hospital and the Department.
02. Payment for Hospitals without Cost Settlement. Those out-of-state hospitals not cost settling with the state will have annually adjusted rates of payment no greater than seventy-five percent (75%) for inpatient covered charges. This rate represents an average inpatient reimbursement rate paid to Idaho hospitals.
03. Payment For Out Of State Hospitals That Perform Specialized Services Or Procedures Unavailable At Instate Hospitals. In cases where the Department determines that a Medicaid client is having access difficulty because there are no instate hospitals available that can perform the particular service or procedure needed, the Department may negotiate a payment rate with an out of state hospital that can perform the service or procedure needed, rather than cost settle with them. The Department will set a payment rate that will reimburse the hospital on a reasonable cost basis under Medicare cost reimbursement principles. The established payment ceiling will be 100% of costs, and the payment floor will be 30% of inpatient covered charges or 100% of costs, whichever is less. Outpatient covered charges will be reimbursed based on payment for hospitals without cost settlement, as outlined in Attachment 4.19-B.

457. SUPPLEMENTAL PAYMENTS

01. SUPPLEMENTAL PAYMENTS FOR NON-STATE GOVERNMENT-OWNED HOSPITALS.

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 nonstate government-owned and/or operated hospitals, including critical access hospitals and district hospitals.

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 under Medicare payment principles using a cost basis method.

Supplemental payments made to the non-state governmental-owned 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 made to non-state government-owned and/or operated hospitals are subject to prior federal approval and a contractual commitment by the

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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 3/29/12). 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 calendar year and will be calculated based on the previous calendar year's Medicaid payment data (e.g., For UPL payment State fiscal year 2018, the 2017 calendar year will be used to calculate the Medicaid payment data, and paid out by end of calendar year 2018).

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 most current "Application for Hospital Licenses and Annual Report." 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 under Medicare payment principles using a cost basis method.

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 3/29/12). 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 calendar year and will be calculated based on the previous calendar year's Medicaid payment data (e.g., For UPL payment State fiscal year 2018, the 2017 calendar year will be used to calculate the Medicaid payment date, and paid out by end of calendar year 2018).

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