

## **Table of Contents**

**State/Territory Name: IN**

**State Plan Amendment (SPA) #: 18-002**

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

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-14-28  
Baltimore, Maryland 21244-1850



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**Financial Management Group**

Allison Taylor, Medicaid Director  
Family Social Services Administration  
402 West Washington, Room W461  
Indianapolis, IN 46204

APR 03 2018

ATTN: Tim Hawkins

Dear Ms. Taylor:

Effective January 11, 2018, this state plan amendment (SPA) 18-0002 makes conforming changes to the State Plan to modify the Reimbursement methodology for psychiatric residential treatment facilities from a single state-wide per diem rate to facility-specific per diem rates.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing federal regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 18-0002 is approved effective January 11, 2018. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Fredrick Sebree at (217) 492-4122 or via email at [Fredrick.sebree@cms.hhs.gov](mailto:Fredrick.sebree@cms.hhs.gov).

Sincerely,

A solid black rectangular box used to redact the signature of Kristin Fan.

Kristin Fan  
Director

Enclosures

Revised 3.27.18 by TBH II

**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:  
18-002

2. STATE  
Indiana

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

4. PROPOSED EFFECTIVE DATE  
January 11, 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:  
42 CFR 440.20

7. FEDERAL BUDGET IMPACT (in thousands):  
a. FFY 2018 \$188  
b. FFY 2019 \$250

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Page 2.4  
Attachment 4.19-B, Page 2.5

Attachment 4.19-A, Pages 20-21

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

Attachment 4.19-B, Page 2.4  
Attachment 4.19-B, Page 2.5

10. SUBJECT OF AMENDMENT: This State Plan amendment makes conforming changes to the State Plan to modify the reimbursement methodology for psychiatric residential treatment facilities from a single state-wide per diem rate to facility-specific per diem rates. These changes are necessary in order to more equitably reimburse Medicaid services by accounting for differences in provider costs.

11. GOVERNOR'S REVIEW (Check One):

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT  
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Indiana's Medicaid State Plan does not require the  
Governor's review. See Section 7.4 of the State Plan

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Allison Taylor

14. TITLE: Medicaid Director

15. DATE SUBMITTED: 2.15.18

16. RETURN TO:

Allison Taylor  
Medicaid Director  
Indiana Office of Medicaid Policy and Planning  
402 West Washington Street, Room W374  
Indianapolis, IN 46204  
ATTN: Tim Hawkins, Federal Relations Lead

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED: APR 03 2018

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN 11 2018

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Kristin Fan

22. TITLE: Director, FMCs

23. REMARKS:

## Psychiatric Residential Treatment Facility Services

For purposes of this section, "Psychiatric residential treatment facility" (PRTF) means a PRTF licensed under *470 IAC 3-13* and meeting the requirements set forth in *405 IAC 5-20-3.1*.

Reimbursement for Medicaid-covered psychiatric residential treatment facility services is made in accordance with the following prospective reimbursement methodology. The prospective per diem shall constitute full reimbursement. There shall be no year-end cost settlement payments.

Covered inpatient psychiatric facility services for individuals under twenty-one (21) years of age provided in PRTFs shall be reimbursed in accordance with the following:

- (1) PRTFs shall be reimbursed for services provided to Medicaid recipients based upon the lower of:
  - (A) the PRTF prospective per diem rates calculated by the Office or
  - (B) the usual and customary daily charges billed for the psychiatric treatment of eligible recipients
- (2) The applicable PRTF payment per diem rates determined in section (1) shall provide reimbursement for all Medicaid-covered services provided in the psychiatric residential treatment facility except for those costs described in section (3). Providers will include, and rates will be determined using, only those allowable costs set out in Medicaid PRTF provider cost reporting instructions and update bulletins.
- (3) The per diem rates determined in section (1) shall exclude costs incurred for pharmaceutical services and physician services provided to eligible recipients. Medicaid reimbursement for costs incurred for pharmaceutical services provided to eligible recipients shall be paid separate and apart from the PRTF per diem rates and in accordance with the reimbursement policies described in *405 IAC 5-24*. Medicaid reimbursement for costs incurred for physician services provided to eligible recipients shall be paid separate and apart from the PRTF per diem rates and in accordance with the reimbursement policies described in *405 IAC 5-25*.
- (4) All costs utilized to determine the prospective per diem rates in section (1)(A) shall be subject to reasonability standards as set forth in the *Medicare Provider Reimbursement Manual*, CMS-Pub. 15-1, Chapter 25.

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TN No. new

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- (5) The per diem rates determined in section (1) shall exclude such costs unrelated to providing psychiatric residential services including, but not limited to the following:
- (A) group education including elementary and secondary education
  - (B) advertising or marketing
  - (C) non-psychiatric specialty programs
- (6) Medicaid reimbursement for Medicaid-covered psychiatric services provided to recipients residing in a psychiatric residential treatment facility shall be limited to the payments described in *405 IAC 1-21*. Medicaid reimbursement for Medicaid-covered services not related to the recipient's psychiatric condition is available, separate from the PRTF per diem, only in instances where those services are performed at a location other than the PRTF.
- (7) The established per diem rates for psychiatric residential treatment facilities shall be reviewed annually by the OMPP or its contractor by using the most recent, reliable claims data and adjusted cost report data to reflect changes in treatment patterns, technology, and other factors that may change the cost of efficiently providing inpatient psychiatric services, and adjusted as necessary, in accordance with this section.

PRTFs shall file a cost report annually using a uniform cost report form prescribed by the Office of Medicaid Planning and Policy (OMPP). The OMPP or its contractor may audit or review the cost reports as it deems necessary.

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