

Outpatient Hospital Services Detailed Description of Reimbursement

Third Party Liability (TPL)

Any MaineCare claim submitted by a hospital may only be withdrawn within 120 days of the date received.

Inflation

For purposes of determining inflation, unless otherwise specified, the economic trend factor from the most recent edition of the "Health Care Cost Review" from Global Insight is used and is normalized by state fiscal year.

Interim and Final Settlement

At interim and final settlement, the hospital will reimburse the Department for any excess payments; or the Department will reimburse the amount of any underpayment to the hospital. In either case, the lump sum payment must be made within 30 days of the date of the letter notifying the provider of the results of the year end reconciliation or settlement. If more than one year's interim or final settlement is completed in the same proceeding, the net amount must be paid. If no payment is received within 30 days, the Department may offset prospective interim payments. Any caps imposed on PIP payments are not applicable to the determination of settlement amounts.

Hospitals are required to file with the DHHS, Division of Audit a year-end cost report within five months from their fiscal year end. The cost report filing consists of: CMS Form 2552 or its equivalent, audited financial statements, and any other related documentation as requested by the DHHS-Division of Audit. The cost report must include applicable MaineCare utilization and a calculated balance due to/from MaineCare.

ACUTE CARE NON-CRITICAL ACCESS HOSPITALS

Department's Outpatient Obligation to the Hospital

The Department of Health and Human Services' total annual obligation to the hospitals will be the sum of MaineCare's obligation for the following: outpatient services + outpatient hospital based physician costs. Third party liability payments and revenue for outpatient physician services billed and paid on CMS 1500 are subtracted from the obligation. The computed amounts are calculated as described below:

The MaineCare outpatient obligation equals the lower of MaineCare outpatient costs or charges, including non-emergency room outpatient hospital based physicians, and reduced by a factor of 10.3%, except for non-state public hospitals for which the factor shall be 11.65%.

MaineCare's share of clinical laboratory and radiology costs are added to this amount. The procedure codes and terminology of the Healthcare Common Procedure Coding System (HCPCS) are used to establish MaineCare allowances for clinical laboratory and radiology services.

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Prospective Interim Payment (PIP)

The estimated Departmental total obligation will be calculated to determine the PIP payment using data from the fiscal year for which the most recent **as-filed** cost-settled report issued by the Department is available, inflated to the current state fiscal year. This payment is capped at 78% of the calculated amount and will not be less than the previous year's Prospective Interim Payment, assuming no decrease in utilization.

MaineCare's share of outpatient hospital based physician costs, and outpatient third party liability are taken from the most recent hospital fiscal year end MaineCare interim cost-settled report issued by DHHS Division of Audit, inflated to the current state fiscal year.

All of these data elements are taken from the most recent hospital fiscal year end MaineCare interim cost-settled report issued by DHHS Division of Audit, inflated to the current state fiscal year.

Interim Volume Adjustment

The Department initiates an interim adjustment under very limited circumstances, including but not limited to, restructuring payment methodology as reflected in a state plan amendment; when a hospital "changes" categories (e.g. becomes designated critical access); if and when a new population group is made eligible for MaineCare (e.g. the state is contemplating an eligibility expansion to include higher income parents); or a hospital opens or closes resulting in a redistribution of patients among facilities.

Interim Settlement

The Department of Health and Human Services' year end interim settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data source used for all calculations will be based on the hospital's as-filed cost report and MaineCare paid claims history for the year for which reconciliation is being performed.

Final Settlement

The Department of Health and Human Services' final settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data source used for all components will be based on the hospital's final cost report from the Medicare fiscal intermediary and MaineCare paid claims history for the year for which reconciliation is being performed.

ACUTE CARE CRITICAL ACCESS HOSPITALS AND PRIVATE PSYCHIATRIC HOSPITALS AND HOSPITALS RECLASSIFIED TO A WAGE AREA OUTSIDE MAINE BY THE MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD (MGCRB)

All calculation made in relation to acute care critical access hospitals, and effective October 1, 2006, private psychiatric hospitals, and effective August 1, 2006 Hospitals Reclassified to a

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Wage Area Outside Maine by the MGCRB, must be made in accordance with the requirements for completion of the Medicare Cost Report and Generally Accepted Accounting Principles, unless stated otherwise below.

Department's Outpatient Obligation to the Hospital

The Department of Health and Human Services' annual outpatient obligation to the hospitals will be the sum of MaineCare's obligation of the following: outpatient services + outpatient hospital based physician costs. Third party liability payments and revenue for outpatient physician services billed and paid on CMS 1500 claims are subtracted from the obligation.

This payment is capped at 117% of MaineCare outpatient costs except for 110% to public non-state owned critical access hospitals. MaineCare's share of emergency room hospital based physician costs is reimbursed at 100% of cost Other outpatient hospital based physician costs will be reimbursed at 89.7% of costs.

Prospective Interim Payment

The estimated Departmental total obligation will be calculated to determine the PIP payment using data from the fiscal year for which the most recent interim cost-settled report issued by the Department is available, inflated to the current state fiscal year.

Interim Volume Adjustment

The Department initiates an interim adjustment under very limited circumstance, including but not limited to, restructuring payment methodology as reflected in a state plan amendment; when a hospital "changes" categories (e.g. becomes designated critical access); if and when a new population group is made eligible for MaineCare (e.g. the state is contemplating an eligibility expansion to include higher income parents); or a hospital opens or closes resulting in a redistribution of patients among facilities.

Interim Settlement

The Department of Health and Human Services' interim settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data sources used will be the hospital's as-filed cost report and MaineCare paid claims history for the year for which reconciliation is being performed.

Final Settlement

The Department of Health and Human Services' final settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data sources used will be the hospital's final cost report from the Medicare fiscal intermediary and MaineCare paid claims history for the year for which settlement is being performed.

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STATE OWNED PSYCHIATRIC HOSPITALS

All calculations made in relation to state owned psychiatric hospitals must be made in accordance with the Tax Equity and Fiscal Responsibility Act (TEFRA), except as stated below.

Prospective Interim Payment

The Department of Health and Human Services' annual outpatient PIP obligation to the hospitals will be the sum of MaineCare's obligation of the following: outpatient services + outpatient hospital based physician costs. Third party liability payments are subtracted from the PIP obligation.

MaineCare outpatient costs inflated to the current state fiscal year using the most recent interim cost-settled report as issued by the Department.

MaineCare's share of hospital based physician are taken from the most recent hospital fiscal year end MaineCare interim cost-settled report as issued by DHHS Division of Audit, inflated to the current state fiscal year.

Interim Settlement

The Department of Health and Human Services' interim settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data sources used will be the hospital's as-filed cost report and MaineCare paid claims history for the year for which reconciliation is being performed.

Final Settlement

The Department of Health and Human Services' final settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data sources used will be the hospital's final cost report from the Medicare fiscal intermediary and MaineCare paid claims history for the year for which settlement is being performed.