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State/Territory Name: Missouri

State Plan Amendment (SPA) #: 17-0004

This file contains the following documents in the order listed:

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



Financial Management Group

DEC 06 2017

Dr. Steve Corsi, Acting Director
Missouri Department of Social Services
Broadway State Office Building
P.O. Box 1527
Jefferson City, MO 65102

RE: Missouri State Plan Amendment TN: 17-004

Dear Dr. Corsi:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 17-004. This amendment clarifies the Disproportionate Share Hospital (DSH) interim payment calculation process, including clarifying and amending the State DSH survey reporting requirements and exceptions process to receive an interim DSH payment or an adjustment to the interim DSH payment.

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(g) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. This is to inform you that Medicaid State plan amendment 17-004 is approved effective April 1, 2017. We are enclosing the CMS-179 and the amended plan page.

If you have any questions, please call Tim Weidler at (816) 426-6429.

Sincerely,

Kristin Fan
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

1 7 -- 004

2. STATE
Missouri

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

4. PROPOSED EFFECTIVE DATE

April 1, 2017

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

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 447 Subpart C

7. FEDERAL BUDGET IMPACT:

a. FFY 2017 \$ 0

b. FFY 2018 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A

Pages 19bbbb-2, 19bbbb-2a, 19bbbb-2b, 19bbbb-2c, 19bbbb-2d, 19bbbb-2e, 19bbbb-2f

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

Attachment 4.19-A

Pages 19bbbb-2, 19bbbb-2a, 19bbbb-2b, 19bbbb-2c, 19bbbb-2d, 19bbbb-2e

10. SUBJECT OF AMENDMENT:

This amendment clarifies the interim DSH payment calculation including clarifying and amending the state DSH survey reporting requirements and exceptions process to receive an interim DSH payment or an adjustment to the interim DSH payment.

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. TYPE NAME: Steve Corsi, Psy.D.

14. TITLE: Acting Director

15. DATE SUBMITTED: 6/29/17

16. RETURN TO:

MO HealthNet Division
P.O. Box 6500
Jefferson City, MO 65102

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

DEC 06 2017

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

APR 01 2017

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Kristin Fan

22. TITLE:

Director, FMC

23. REMARKS:

2. If the original DSH payments did not fully expend the federal DSH allotment for any plan year, the remaining DSH allotment may be paid to hospitals that are under their hospital-specific DSH limit. These redistributions will occur proportionally based on each hospital's uncompensated care shortfall to the total shortfall, not to exceed each hospital's specific DSH limit.

(2) Interim Disproportionate Share (DSH) Payments.

(A) SFY 2012 interim DSH payments will be based on the 2011 state DSH survey after applying the trend factor published in *Health Care Costs* by DRI/McGraw-Hill for the current fiscal year.

1. For SFY 2013 and subsequent years, the interim DSH payments will be based on the state DSH survey completed by the hospitals using the third prior year Medicare Cost Report and adjusted for inflationary trends, volume adjustments, changes in reimbursement methodology, and/or other business decisions (i.e., expanded or terminated services) to reflect anticipated operations for the interim DSH payment period.

2. Beginning with SFY 2017, the interim DSH payments will be based on Version 4 of the state DSH survey, designated as Myers and Stauffer LC, DSH Version 7.20, and must be submitted to the independent DSH auditor as the MO HealthNet Division's authorized agent. The state DSH survey shall be the most recent DSH survey collected during the independent DSH audit of the fourth prior SFY (i.e., the most recent survey collected by the independent DSH auditor for the SFY 2013 independent DSH audit will also be used to calculate the interim DSH payment for SFY 2017). If Myers and Stauffer LC, DSH Version 7.20, is superseded by an alternate state DSH survey reporting tool, that tool must be used for the applicable SFY. The survey shall be referred to as the SFY to which payments will relate.

(a) Each hospital must complete and submit the state DSH survey to the independent DSH auditor, the MO HealthNet Division's authorized agent, in order to be considered for an interim DSH payment. The state DSH survey is due to the independent DSH auditor by the March 1 preceding the beginning of each state fiscal year (i.e., the state DSH survey used for SFY 2017 interim DSH payments will be due to the independent DSH auditor by March 1, 2016). Hospitals that do not submit the state DSH survey by March 1 will not be eligible to receive an interim DSH payment for that SFY. The division may grant an industry-wide extension on the March 1 deadline due to unanticipated circumstances that affect the industry as a whole. The independent DSH auditor may perform an initial review of the required state DSH survey submitted by the hospital and make preliminary adjustments for use in calculating the interim DSH payment. The independent DSH auditor shall provide the hospital with any preliminary adjustments that are made for review and comment prior to the data being provided to MHD for use in calculating the interim DSH payment for the SFY. Additional or revised audit adjustments may be made to the DSH survey for purposes of the independent DSH audit

(b) Trends. A trend of 1.5% will be applied to the hospital's Estimated Medicaid Net Cost and the Estimated Uninsured Uncompensated Care Cost (UCC) from the year subsequent to the state DSH survey period to the current SFY (i.e., the SFY for which the interim DSH payment is being determined). The first year's trend shall be adjusted to bring the facility's cost to a common fiscal year end of June 30 and the full trends shall be applied for the remaining years. The trends shall be compounded each year to determine the total cumulative trend.

- (c) The interim DSH payments will be calculated as follows:
- (1) The estimated hospital-specific DSH limit is calculated as follows:
 - a. Estimated Medicaid net cost from the state DSH survey trended in section XVII-1G.(2)(A)2.b
 - b. Less estimated other Medicaid payments (i.e. Direct Medicaid, GME, etc.) calculated by MHD;
 - c. Equals estimated Medicaid uncompensated care cost;
 - d. Plus trended estimated uninsured uncompensated care cost from the state DSH survey trended in section XVII-1G.(2)(A)2.b;
 - e. Equals estimated hospital-specific DSH limit;
 - (2) The estimated uncompensated care costs potentially eligible for MHD interim DSH payments excludes out-of-state DSH payments and is calculated as follows:
 - a. Estimated hospital-specific DSH limit;
 - b. Less estimated out-of-state (OOS) DSH payments;
 - c. Equals estimated uncompensated care cost (UCC) net of OOS DSH payments;
 - (3) Hospitals determined to have a negative estimated UCC net of OOS DSH payments (payments exceed costs) will not receive interim DSH payments because their estimated payments for the SFY are expected to exceed their estimated hospital-specific DSH limit; and
 - (4) Qualified DSH hospitals determined to have a positive estimated UCC net of OOS DSH payments (costs exceed payments) will receive interim DSH payments. The interim DSH payments are subject to the federal DSH allotment and the estimated hospital-specific DSH limits less estimated OOS DSH payments. The interim DSH payments will be calculated as follows:
 - a. Interim DSH payments to qualified DSH hospitals determined to have a positive estimated UCC net of OOS DSH payments will be calculated as follows:
 - i. Up to one-hundred percent (100%) of the available federal DSH allotment will be allocated to each hospital with a positive estimated USCC net of OOS DSH payments, and the allocation shall result in each hospital receiving the same percentage of their estimated UCC net of OOS DSH payments. The allocation percentage will be calculated at the beginning of the SFY by dividing the available federal DSH allotment to be distributed by the total hospital industry's positive estimated UCC net of OOS DSH payments; and
 - ii. The allocated amount will then be reduced by one percent (1%) for hospitals that do not contribute through a plan that is approved by the director of the Department of Health and Senior Services to support the state's poison control center and the Primary Care Resource Initiative for Missouri (PRIMO) and Patient Safety Initiative.

(B) Federally deemed DSH hospitals shall receive an interim DSH payment to the extent that it has room under its projected hospital-specific DSH limit based on the state DSH survey and shall be limited to the hospital's projected hospital-specific DSH limit. A federally deemed DSH hospital may refuse a DSH payment by submitting a request to the MO HealthNet Division on an annual basis.

(C) Hospitals, including federally deemed DSH hospitals, may elect to receive an upper payment limit payment in lieu of DSH payments.

1. Hospitals that elect to receive an upper payment limit payment rather than a DSH payment must submit a request to the MO HealthNet Division on an annual basis.
2. The upper payment limit calculation and upper payment limit payment calculation is set forth in section I.C.7-1.

(D) Disproportionate share payments will coincide with the semimonthly claim payment schedule.

1. An annual Disproportionate share payment will be calculated for each hospital at the beginning of each State Fiscal Year (SFY). The annual amount will be processed over the number of financial cycles during the SFY.

(E) New Facilities

1. Prior to SFY 2017, new facilities will be paid the lesser of the estimated hospital specific DSH limit based on the estimated state DSH survey or the industry average estimated interim DSH payment. If a new facility does not have a third prior year Medicare Cost Report on which to base the state DSH survey, the second prior year shall be used. If a new facility does not have a second prior year Medicare Cost Report, the prior year shall be used. If a new facility does not have a prior year Medicare Cost Report, the state DSH survey shall be completed using facility projections to reflect anticipated operation for the interim DSH payment period. The industry average estimated interim DSH payment is determined from the state DSH survey as set forth below. A new facility's eligibility to receive DSH payments will be determined from the most recent cost report or supplemental data available from the hospital if they do not have a base year cost report on which the state DSH survey was based.

(a) Hospitals receiving DSH payments based on the state DSH survey shall be divided into quartiles based on total beds;

(b) DSH payments shall be individually summed by quartile and then divided by the total beds in the quartile to yield an average DSH payment per bed;

(c) The number of beds for the new hospitals shall be multiplied by the average DSH payment per bed to determine the DSH payment.

2. Beginning with SFY 2017, new facilities that do not have a Medicare/Medicaid cost report on which to base the state DSH survey shall complete the state DSH survey and receive an interim DSH payment as follows:
 - (a) A new facility that does not have cost report data for the fourth prior year may complete the state DSH survey using actual, untrended cost and payment data from the most recent 12 month cost report filed with the division.
 - (b) A new facility that has not yet filed a twelve- (12-) month Medicaid cost report with the division may complete the state DSH survey using facility projections to reflect anticipated operations for the interim DSH payment period. Trends shall not be applied to the data used to complete the state DSH survey. Interim DSH payments determined from this state DSH survey are limited to the industry average estimated interim DSH payment as set forth in (E) 1.(a), (b) and (c) above.

(F) Facilities not providing a state DSH survey

1. Prior to SFY 2017, facilities not providing a state DSH survey will have DSH payments calculated using the most recent hospital-specific information provided to the state by the independent auditor.
2. Beginning with SFY 2017, hospitals that do not submit the state DSH survey by March 1 will not be eligible to receive an interim DSH payment for that SFY.

(G) Facilities electing not to receive interim DSH payments

1. Hospitals may elect not to receive an interim DSH payment for a SFY by completing a DSH Waiver form. Hospitals that elect not to receive an interim DSH payment for a SFY must notify the division, or its authorized agent, that it elects not to receive an interim DSH payment for the upcoming SFY. If a hospital does not receive an interim DSH payment for a SFY, it will not be included in the independent DSH audit related to that SFY, and will not be eligible for final DSH audit payment adjustments related to that SFY unless it submits a request to the division to be included in the independent DSH audit.
2. If a hospital received an interim DSH payment and later determined that it did not have uncompensated care costs for Medicaid and the uninsured to support part or all the interim DSH payment that it received or is receiving, the hospital may request that the interim DSH payments be stopped or it may return the entire interim DSH payment it received. Such requests must be sent to the division in writing and may be submitted anytime during the SFY if a hospital believes it is being overpaid.

(H) Exceptions Process to Use Alternate Data for Interim DSH Payment.

1. A hospital may submit a request to the division to have its interim DSH payment based on alternate data as set forth below rather than the state DSH survey required to be submitted for the year (i.e., required state DSH survey) if it meets the criteria for any of the circumstances detailed below in XVII-1G.(2)(H)4. The request must include an explanation of the circumstance, the impact it has on the required state DSH survey period, and how it causes the data to be materially misstated or unrepresentative. The division shall review the facility's request and may, at its discretion and for good cause shown, use the alternate data in determining the interim DSH payment for the SFY. The division shall notify the facility of its decision regarding the request.
 - a. Alternate state DSH survey. A state DSH survey completed using the actual, untrended cost and payment data from the most recent twelve- (12-) month cost report filed with the division. Any hospital requesting an exception must complete an alternate state DSH survey. If the most recent full year cost report filed with the division does not reflect the impact of any material changes, a supplemental schedule, as defined below, may be completed and submitted in addition to the alternate state DSH survey. If the impact of any changes is reflected in the most recent full year cost report filed with the division, the facility may only use the alternate state DSH survey;
 - b. Alternate state DSH survey supplemental schedule. A supplemental schedule developed by the division to recognize material changes that have occurred at a hospital that are not yet reflected in the hospital's alternate state DSH survey. The supplemental schedule uses the data from the alternate state DSH survey as the basis and includes additional fields to reflect changes that occurred subsequent to the alternate state DSH survey period through the SFY for which the interim DSH payment is being calculated. The blank alternate state DSH survey supplemental schedule is referred to as the alternate state DSH survey supplemental template.
2. The provider must submit both the required state DSH survey and the alternate data for review to determine if the facility meets the criteria set forth below in XVII-1G.(2)(H)4.
3. The interim DSH payment based on the applicable alternate data shall be calculated in the same manner as the interim DSH payment based on the required state DSH survey, except for the trends applied to the alternate data as noted below in sections XVII-1G.(2)(H)3.a & b. The allocation percentage calculated at the beginning of the SFY year as set forth in section XVII-1G.(2)(A)2.(c)(4)a.i. shall be applied to the estimated UCC net of OOS DSH payments based on the alternate data to determine the preliminary interim DSH payment.
 - a. Alternate state DSH survey. The trends applied to the alternate state DSH survey shall be from the year subsequent to the alternate state DSH survey period to the current SFY for which the interim DSH payment is being determined;
 - b. Alternate state DSH survey supplemental schedule. Trends shall not be applied to an alternate state DSH survey supplemental schedule since it incorporates changes from the full year cost report period through the SFY for which the interim DSH payment is being calculated.

4. Following are the circumstances for which a provider may request that its interim DSH payment be based on alternate data rather than the required state DSH survey, including the criteria and other requirements:
- (a) The 20.00% DSH Outlier. A provider may request that the alternate state DSH survey be used prior to the interim DSH payment being determined for the SFY if the Untrended Total Estimated Net Cost on the "Report Summary" tab, Column J, from the alternate state DSH survey is at least 20.00% higher than the Trended Total Estimated Net Cost on the "Report Summary" tab, Column L, from the required state DSH survey (i.e., the increase is at least 20.00% rounded to two decimal places).
 - (1) Both the required state DSH survey and the alternate state DSH survey must be submitted to the independent DSH auditor and the division, respectively, no later than March 1 preceding the beginning of each SFY for which interim DSH payments are being made.
 - (b) Extraordinary Circumstances. A provider may request that alternate data be used if the facility experienced an extraordinary circumstance during or after the required state DSH survey report period up to the SFY for which the interim DSH payment is being calculated that caused the required DSH survey report period to be materially misstated and unrepresentative. If circumstances (1) a., (1) b., or (1) c. below are applicable, the facility may complete and submit the applicable alternate data.
 - (1) Extraordinary circumstances include unavoidable circumstances that are beyond the control of the facility and include the following:
 - a. Act of nature (i.e., tornado, hurricane, flooding, earthquake, lightening, natural wildfire, etc.);
 - b. War;
 - c. Civil disturbance; or
 - d. If the data to complete the required state DSH survey set forth in paragraph XVII-1G.(2)(A)2. is not available due to a change in ownership because the prior owner is out of business and is uncooperative and unwilling to provide the necessary data.
 - (2) A change in hospital operations or services (i.e., terminating or adding a service or a hospital wing; or, a change of owner, except as noted in XVII-1G.(2)(H)4.(b)(1)d., manager, control, operation, leaseholder or leasehold interest, or Medicare provider number by whatever form for any hospital previously certified at any time for participation in the MO HealthNet program, etc.) does not constitute an extraordinary circumstance.

- (3) Both the required state DSH survey and the alternate data must be submitted to the independent DSH auditor and the division, respectively, no later than March 1 if the alternate data is to be used to determine the interim DSH payment at the beginning of the SFY.
- (4) A hospital may submit a request to use alternate data due to extraordinary circumstances after March 1, but the alternate data and the resulting interim DSH payment will be subject to the same requirements as the Interim DSH Payment Adjustments noted below in XVII-1G.(2)(H)4.(c)(2)-(4). The requests relating to extraordinary circumstances received after the March 1 deadline will be included with the Interim DSH Payment Adjustments requests in XVII-1G.(2)(H)4.(c) in distributing the unobligated DSH allotment, and subject to appropriation authority, remaining for the SFY.

(c) Interim DSH Payment Adjustment.

- (1) After the interim DSH payment has been calculated for the current SFY based on the required state DSH survey, a provider may request that alternate data be used if the Untrended Total Estimated Net Cost on the "Report Summary" tab, Column J, from the alternate data is at least twenty percent (20.00%) higher than the Trended Total Estimated Net Cost on the "Report Summary" tab, Column L, from the required state DSH survey (i.e., the increase is at least twenty percent (20.00%) rounded to two decimal places).
 - (2) The division will process interim DSH payment adjustments once a year. After all requests are received, the division will determine whether revisions to the interim DSH payments are appropriate. Any revisions to the interim DSH payments are subject to the unobligated DSH allotment and appropriation authority remaining for the SFY;
 - (3) The request, including the alternate data, must be submitted to the division by December 31 of the current SFY for which interim DSH payments are being made; and
 - (4) To the extent that state funds are available, the DSH allotment for the SFY that has not otherwise been obligated will be distributed proportionally to the hospitals determined to meet the above criteria, based on the difference between the preliminary interim DSH payment based on the alternate data and the original interim DSH payment.
- (d) If a provider met the criteria to use alternate data for an Interim DSH Payment Adjustment in section XVII-1G.(2)(H)4.c in the prior SFY, it may continue to use alternate data for its interim DSH payment until the required state DSH survey reflects the impact of the change. The hospital must submit the request and the alternate data to the division for review and approval no later than March 1.