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State/Territory Name: Montana

State Plan Amendment (SPA) #: 19-0020

This file contains the following documents in the order listed:

1) Approval Letter
2) 179
3) Approved SPA Pages

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

February 4, 2020

Ms. Marie Matthews
State Medicaid Director
Department of Public Health & Human Services
P.O. Box 4210
Helena, MT 59604

Re: Montana 19-0020

Dear Ms. Matthews:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 19-0020. Effective for services on or after January 1, 2020, this amendment updates the reimbursement methodology for inpatient hospital services.

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 TN 19-0020 is approved effective January 1, 2020. The HCFA-179 and the amended plan pages are attached.

If you have any questions, please contact Christine Storey at (303) 844-7044.

Sincerely,

Kristin Fan
Director

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 19-0020

2. STATE: Montana

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: 01/01/2020

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
42 CFR 447.250
1902(a)(30)(A) of the Social Security Act

7. FEDERAL BUDGET IMPACT:
FFY 20 – $0.00 12 months
FFY 21 – $0.00 12 months

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19A, Service 1, Inpatient Hospital Services
Pages 11,12 and 13.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 4.19A, Service 1, Inpatient Hospital Services
Pages 11, 12, and 13.

10. SUBJECT OF AMENDMENT:
The purpose of this State Plan Amendment is to modify the distribution date of the supplemental Hospital Reimbursement Adjustor (HRA) and Continuity of Care (COC) payments to the 4th quarter. In addition, in accordance with House Bill 658, a hospital or facility operated by the state, a political subdivision of the state, the United States, or an Indian Tribe or any facility authorized under the Indian Health Care Improvement Act are not eligible for HRA.

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: Single Agency Director Review

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Marie Matthews

14. TITLE: State Medicaid Director

15. DATE SUBMITTED: 11-12-19

16. RETURN TO:
Montana Department of Public Health and Human Services
Marie Matthews
Attn: Mary Eve Kulawik
PO Box 4210
Helena MT 59620

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: February 4, 2020

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2020

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Kristin Fan

22. TITLE: Director, FMG

23. REMARKS:

FORM HCFA-179 (07-92)

H. HOSPITAL BASED AND FREE STANDING INPATIENT PSYCHIATRIC SERVICES

1. Hospital based and free standing inpatient psychiatric services are reimbursed using the Inpatient Prospective Payment Method described in section A of this document.

2. The Department will reimburse in-state PRTFs an all-inclusive bundled per-diem interim rate as described in Attachment 4.19D, Service 16, PRTF.

3. All Montana providers of hospital based inpatient psychiatric services for individuals under age 21 shall be eligible to receive and annual continuity of payment (CCP) in addition to per-diem reimbursement. The CCPs will completely or partially reimburse providers for their otherwise un-reimbursed costs of providing care to Medicaid members. Total Medicaid payments to a provider of hospital based inpatient psychiatric services for individuals under age 21 will not exceed the Medicaid costs of that provider.

The amount of the CCP for each qualifying provider will be determined based upon the following formula:

CCP = [M/D] x P

Where:

1. CCP equals calculated continuity of care payment.
2. "M" equals the number of Medicaid days provided by the facility for which the CCP is being calculated.
3. "D" equals the total number of Medicaid days provided by all facilities eligible to receive a CCP.
4. "P" equals the total amount to be paid via the Continuity of Care Payment. The State's share of "P" will be the total amount of revenue generated by Montana's hospital utilization fee.

The Medicaid days figures shall be from the Department's paid Medicaid claims data for the most recent calendar year.

CCPs will be paid in lump-sum payments in the fourth quarter of the State's fiscal year and are limited by the PRTF UPL.

I. HOSPITAL REIMBURSEMENT ADJUSTOR

Effective January 1, 2020, all hospitals located in Montana, except the Montana State Hospital or a hospital or facility operated by the state, a political subdivision of the state, the United States, or an Indian Tribe or any facility authorized under the Indian Health Care Improvement Act, that provide inpatient hospital services are eligible for a Hospital Reimbursement Adjustment (HRA) Payment. The payment consists of two separately calculated amounts.

In order to maintain access and quality in the most rural areas of Montana, CAHs shall receive both components of the HRA. All other hospitals shall receive only Part 1, as defined below in (1). For the purposes of determining HRA payment amounts, the following apply:

1. Part 1 of the HRA payment will be based upon Medicaid inpatient utilization, and will be computed as follows: HRA1=[M/D]xP. For the purposes of calculating Part 1 of the HRA, the following apply:

HRA1=(M/D)xP

Where:

(i) "HRA I" represents the calculated Part 1 HRA payment.
(ii) "M" equals the number of Medicaid inpatient days provided by the hospital for which the payment amount is being calculated.
(iii) "D" equals the total number of Medicaid inpatient days provided by all hospitals eligible to receive an HRA payment.
(iv) "P" equals the total amount to be paid via Part 1 of the HRA. The State's share of "P" will be the total amount of revenue generated by Montana's hospital utilization fee, less all of the following:
   (A) the amount expended as match for continuity of care payments; and
   (B) the amount expended as match for Part 2 of the HRA.

Effective January 01, 2017, the Medicaid inpatient day numbers used to calculate Part 1 of the HRA must be from the Department's and the Third Party Administrator's (TPA) paid claims data in the most recent calendar year.

2. Part 2 of the HRA payment will be based upon total Medicaid billed charges, and will be computed as follows: HRA2=[J/D]P. For the purposes of calculating Part 2 of the HRA, the following apply:

HRA2=(J/D)xP

Where:

(i) "HRA2" represents the calculated Part 2 HRA payment.

(ii) "J" equals amount of charges billed to Medicaid by the hospital for which the payment is being calculated.

(iii) "D" equals the total amount of charges billed to Medicaid by all hospitals eligible to receive Part 2 of the HRA payment.

(iv) "P" equals the total amount to be paid via Part 2 of the HRA. The State's share of "P" will be a minimal portion of the total revenue generated by Montana's hospital utilization fee, less all of the following:

(A) the amount expended as match for continuity of care payments; and
(B) the amount expended as match for Part 1 of the HRA.

Effective January 01, 2017, the total Medicaid billed charge amounts used to calculate part 2 of the HRA must be from the Department's and the Third Party Administrator's (TPA) paid claims data in the most recent calendar year. The State will make HRA in a lump-sum payment in the fourth quarter of the State's fiscal year and is limited by the inpatient UPL. This reimbursement will be excluded from cost settlement.

J. GRADUATE MEDICAL EDUCATION (GME)

In addition to Medicaid payments, a GME payment is made to partially fund providers for their otherwise unreimbursed costs of providing care to Medicaid members as part of the primary care and psychiatry residency program to an eligible hospital located in Montana.

The State portion of the GME pool amount for the current state fiscal year (SFY) is $914,769. Therefore, the GME payment made in the current SFY supplements services for the first quarter of the SFY.

The Department will make a payment for the first quarter of the SFY, no later than the fourth quarter of the SFY, to the eligible hospitals. Payment will not exceed 25 percent of the available upper payment limit (UPL)for the first quarter of the SFY. If the payment pool is not paid in its entirety due to its exceeding the 25 percent UPL availability, then the remainder not paid during the first quarter will be paid in the following quarter or quarters, up to the UPL room available for each respective quarter in the SFY.