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**State/Territory Name:** North Dakota

**State Plan Amendment (SPA) #:** ND-15-0013

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  
1961 Stout Street, Room 08-148  
Denver, CO 80294



**Region VIII**

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February 26, 2016

Maggie Anderson, Acting Medicaid Director  
Division of Medical Services  
North Dakota Department of Human Services  
600 East Boulevard Avenue, Dept. 325  
Bismarck, ND 58505-0250

RE: North Dakota #15-0013

Dear Ms. Anderson:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 15-0013. This amendment would provide for rate increases for services rendered by Medicaid providers.

Please be informed that this State Plan Amendment was approved February 26, 2016, with an effective date of July 1, 2015. We are enclosing the CMS-179 and the amended plan page(s).



If you have any questions concerning this amendment, please contact Kirstin Michel at (303) 844-7036.

Sincerely,



Trinia J. Hunt  
Acting Associate Regional Administrator  
Division for Medicaid & Children's Health Operations

cc: Maggie Anderson, ND  
Kathy Rodin, ND

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: <b>15-0013</b>	2. STATE <b>North Dakota</b>
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		3. PROGRAM IDENTIFICATION: <b>TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</b>	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE <b>July 1, 2015</b>	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: <b>42 CFR Part 447.204</b>		7. FEDERAL BUDGET IMPACT: a. FFY <u>2015</u> <b>\$2,225,625</b> b. FFY <u>2016</u> <b>\$8,902,500</b>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <b>Attachment 4.19-B pages 1, 1a, 2, 3, 3a, 3b, 3b-1, 3d, 3f and 4a.</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): <b>Attachment 4.19-B pages 1, 1a, 2, 3, 3a, 3b, 3b-1, 3d, 3f and 4a.</b>	
10. SUBJECT OF AMENDMENT: <b>Amends the North Dakota State Plan to provide for rate increases for services rendered by Medicaid providers.</b>			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <u>Delegated to Single State Medicaid agency</u> <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: <b>Maggie D. Anderson, Executive Director ND Department of Human Services 600 East Boulevard Avenue Dept 325 Bismarck ND 58505-0250</b>	
13. TYPED NAME: <b>Maggie D. Anderson</b>			
14. TITLE: <b>Executive Director, ND Dept. of Human Services</b>			
15. DATE SUBMITTED: <b>September 30, 2015</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: September 30, 2015		18. DATE APPROVED: February 26, 2016	
<b>PLAN APPROVED – ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2015		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Trinia J. Hunt		22. TITLE: Acting ARA, DMCHO	
23. REMARKS:			

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE

The following is a description of the policies that apply to rates and fees established for services other than inpatient hospital care, nursing facility care, and intermediate care facilities.

Out-of-state providers are paid the same rates and fees applicable to providers in North Dakota.

All rates are published on the agency's website at:

<http://www.nd.gov/dhs/services/medicalserv/medicaid/provider-fee-schedules.html>. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

- 1) Outpatient services are paid using a fixed percentage of charges established by the state agency, except for laboratory procedures paid according to item 3 below, dietitian services paid at the lower of the actual charge or maximum allowable charge established by the state agency, and ambulatory behavioral healthcare (partial hospitalization) paid a per diem rate established by the state agency and revenue code 278 paid at the cost of the supply plus twenty percent for billed charges over \$3,000. Providers shall follow Medicare coding guidelines for appropriate billing of revenue code 278. The fixed percentage of charges for in-state hospitals designated as Critical Access Hospitals will be established using the hospital's most recent audited Medicare cost report. Cost settlement to reasonable cost for outpatient services at in-state hospitals designated as Critical Access Hospitals for Title XIX services will be based on the Medicare cost report and will occur after the hospital's Medicare cost report has been audited and finalized by the Medicare fiscal intermediary. The fixed percentage of charges for all other in-state hospitals will be established using the hospital's most recent Medicare cost report available as of June 1 of each year. The fixed percentage of charges for out-of-state hospitals shall be the average of the fixed percentage paid to all hospitals categorized as Group 1 Hospitals. A Group 1 Hospital is a hospital with average discharges in excess of 100 per year for the years ended June 30, 1992, 1993, and 1994. Out-of-state hospitals shall be paid for revenue code 278 at the cost of the supply plus twenty percent for billed charges over \$3,000. Providers shall follow Medicare coding guidelines for appropriate billing of revenue code 278. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015 as authorized and appropriated by the 2015 Legislative Assembly.
- 2) Clinic services payment is based on the cost of delivery of the services on a prospective basis as determined by the single state agency from cost data submitted periodically by the clinic. In those years when no cost information is requested by the single state agency, each clinic may receive an inflation increase as approved through the State Plan process. Allowable costs will be determined in accordance with the Medicare Provider Reimbursement Manual. Payments to participating providers will be made in accordance with 42 CFR 447.206. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly.
  - a) Payment to dental clinics, including mobile dental clinics, is based on the cost of delivery of the service as determined by the single state agency from cost data submitted annually by the clinic. Allowable costs will be determined in accordance with the Medicare Provider Reimbursement Manual. Individual provider rates will be effective October 1, 2015. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for days of service October 1, 2015 as authorized and appropriated by the 2015 Legislative Assembly. Providers will be notified of the rates, via letter and/or email correspondence. Except as otherwise noted in the Plan, State developed fee schedule rates are the same for both governmental and private providers.
- 3) For laboratory services, Medicaid will pay the lower of billed charges, Medicare maximum allowable charge, or fee schedule established by the state agency. Medicaid payment for lab services may not exceed the Medicare rate on a per test basis.

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TN No.: 15-0013

Supersedes

TN No.: 14-011

Approval Date: 2/26/2016

Effective Date: 7-1-2015

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE - (continued)

- 4) For x-ray services, Medicaid will pay the lower of billed charges or fee schedule established by the state agency. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly.
- 5) For prosthetic devices, medical equipment, supplies and appliances, Medicaid will pay the lower of billed charges or fee schedule established by the state agency. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly.
- 6) For physicians, podiatrists, chiropractors, and psychologists, the lower of billed charges or fee schedule established by the state agency. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, for services reimbursed from the Professional Services Fee Schedule, as authorized and appropriated by the 2015 Legislative Assembly.
  - a. For services rendered by licensed or registered pharmacists, the lower of billed charges or the fee schedule established by the state agency.
- 7) For optometrists, dentists and dentures, Medicaid will pay the lower of billed charges or Medicaid fee established by the state agency. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly.
- 8) For private duty nursing, Medicaid will pay the lower of billed charges or the established fee as determined by the state agency. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly.
- 9) For physical, occupational and speech therapy, payment will be the lower of billed charges or the fee established by the state agency. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly. In addition, the fee schedule for physical, occupational, and speech therapy will be increased by a volume weighted average of approximately twenty-one percent effective for dates of service July 1, 2015.
- 10) For services rendered by enrolled providers via telemedicine; payment for the telemedicine connectivity code will be the lower of billed charges or the fee established by the state agency. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly.
- 11) For eyeglasses, Medicaid will pay the lower of billed charges or the fee schedule established by the state agency.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPES OF CARE

- 12) Unless otherwise noted, non-emergency medical transportation providers will be paid the lower of billed charges or the Medicaid fee schedule established by the state agency. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly.
- (a) Transportation by common carrier will be reimbursed at the going rate or fare established for the general public.
- (b) Private individual transportation providers, when utilized by a third party to provide transportation to a Medicaid recipient, will be paid the lower of billed charges or the Medicaid fee schedule established by the state agency, not to exceed the mileage rate established by the state legislature.
- (c) The payment for meals necessary for recipients and attendants cannot exceed the amount allowed for state employees while traveling in the state of North Dakota. The payment for necessary lodging for recipients and attendants traveling within North Dakota cannot exceed the amount allowed for state employees. The payment for necessary lodging for recipients and attendants traveling outside of North Dakota will be limited by a maximum established by the single state agency. Payment for meals and lodging will be made to providers specifically enrolled to provide meals and lodging.
- 13) Ambulance services will be paid at the lower of actual billed charges or the fee schedule established by the state agency. Ambulance services will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly. In addition, the ambulance service fee schedule will be increased by a volume weighted average of approximately thirteen percent effective for dates of services July 1, 2015.
- 14) For family planning services, Medicaid will pay the lower of billed charges or according to the fee schedule established by the state agency. Family planning services will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly.
- 15) Home Health Agency services include the following services: nursing care, home health aide services, physical therapy, occupational therapy, speech pathology or audiology services, and supplies. Reimbursement will be on a per visit basis and will be at the lowest of the billed charge or maximum allowable charge established by the State. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly.
- 16) North Dakota reimburses for all Hospice services specified by Medicare in regulation using the Medicaid rates and geographic formula published on an annual basis by CMS. Medicaid Hospice providers that fail to comply with quality data submission requirements during each fiscal year will not have their market basket update reduced by two percentage points.
- 17) Nurse-Midwife services will be paid at the 85% level of the payment made for covered pre-natal, delivery and postpartum services provided by physicians, i.e., the lower of actual charge or 85% of the allowable amount established by the state agency for payment of physician services. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPES OF CARE:

18. Vacated
19. Nurse Practitioners are paid at the lower of billed charges or 75% of the professional services fee schedule. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, for services reimbursed from the Professional Services Fee Schedule, as authorized and appropriated by the 2015 Legislative Assembly.
20. Other Practitioner Services - Are paid at the lower of billed charges or 75% of the professional services fee schedule. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, for services reimbursed from the Professional Services Fee Schedule, as authorized and appropriated by the 2015 Legislative Assembly.
21. Vacated
22. Vacated
23. Personal Care Services
  - a. Authorized personal care services provided to an individual who receives personal care services from a provider on less than a 24-hour-a-day-seven-day-a-week basis shall be paid based on a maximum 15-minute unit rate established by the department. Rates will be established for individual and agency providers.

North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly. Providers who travel at least twenty-one miles round-trip to provide personal care services to individuals in rural areas, will receive a rate adjustment effective for dates of service January 1, 2015.
  - b. Authorized personal care service provided to an individual by a provider who provides personal care services on a 24-hour-a-day-seven-day-a-week basis shall be paid using a prospective per diem rate for each day personal care services are provided.
    - 1) The maximum per diem rate for an individual or agency provider shall be established using the provider's allowable hourly rate established under paragraph a. multiplied times the number of hours per month authorized in the individual's care plan times twelve and divided by 365. The provider may bill only for days in which at least 15 minutes of personal care service are provided to the individual. The maximum per diem rate for an individual or agency may not exceed the maximum per diem rate for a residential provider as established in subparagraph 2.

2) The per diem rate for a residential provider is established based on the residential provider's reported allowable costs for direct and indirect personal care services divided by the number of days personal care services were provided during the report period. The per diem rate is applicable to all eligible individuals authorized to receive personal care services from the residential provider and does not vary based on the amount of services authorized for each individual. The per diem rate is payable only for days in which at least 15 minutes of personal care services is provided to the individual in the residential facility. For an individual who does not receive at least 15 minutes of personal cares per day, the rate payable to a residential provider for personal care services shall not exceed the maximum allowable hourly rate for an agency as established in paragraph a.

The per diem rate shall be established annually for each residential provider based on a cost report that identifies actual costs incurred for the provision of personal care services during the provider's fiscal year. The established per diem rate may not exceed the maximum per diem rate. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly.

Allowable costs included in the personal care per diem rate are:

1. Salaries, fringe benefits and training expenses for direct supervisors and staff who provide assistance with:
  - a. Activities of daily living including eating, bathing, dressing, mobility, toileting, transferring and maintaining continence; and
  - b. Instrumental activities of daily living that include personal hygiene, light housework, laundry, meal preparation, transportation, grocery shopping, using the telephone, medication management and money management.
2. Administration and overhead expenses that include salaries and fringe benefits of an administrator, assistant administrator or top management personnel, liability insurance, central and home office costs excluding property costs, telephone, personnel recruitment costs, computer software costs, business office expenses, and working capital interest.

24. Vacated

25. Organ Transplants - Payments for physician services are based on Attachment 4.19-B No. 6 as described in this attachment. Payment for hospital services are based on Attachment 4.19-A.

26. For diagnostic, screening, preventive and rehabilitative services, Medicaid will pay the lower of actual billed charges or the maximum allowable fee established by the state agency.



See page 3b-1 for description of rehabilitative services reimbursement methodology effective January 1, 2010.

North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly.

27. Emergency hospital services provided by hospitals not otherwise participating in the Medicaid program are paid at the fixed percentage of charges for out-of-state hospitals as established in paragraph 1.
28. For Targeted Case Management Services, payment will be based on the lower of the providers actual billed charge or the fee schedule established in 15 minute units of service by the state. North Dakota Medicaid providers will receive a three percent inflationary increase in reimbursement effective for dates of service July 1, 2015, as authorized and appropriated by the 2015 Legislative Assembly.

26. For diagnostic, screening, preventive and rehabilitative services... (continued)

a. Effective for services provided on or after January 1, 2010:

The current fee schedule(s) for rehabilitative services are published on the North Dakota Department of Human Services web site. The fee schedules were set on July 1, 2015, and are effective for services provided on and after that date.

For rehabilitative services, each qualified Medicaid service practitioner will be reimbursed a rate from the Medicaid fee schedule for defined units of service. For the private providers, the fee schedule was historically established by a comparison of codes to other, relative codes, and to what other regional (private, Medicare and Medicaid) payers allowed. For the governmental providers, the fee schedule is established based on the cost of delivering the services, which is used to set a fee for each service provided.

For private providers enrolling the following provider-types, reimbursement is the lower of billed charges or a maximum of 75% of the professional fee schedule for the following provider types: Licensed Social Worker (LSW), Licensed Independent Clinical Social Worker (LICSW), Licensed Certified Social Worker (LCSW), Licensed Addiction Counselor (LAC), Licensed Associate Professional Counselor (LAPC), Licensed Professional Counselor (LPC), and Licensed Professional Clinical Counselor (LPCC).

For Crisis Stabilization, Transitional Living, and Day Treatment reimbursement will be at a daily rate; not to exceed cost.

The State Medicaid agency will have a contract with each entity receiving payment under provisions of services (Crisis Stabilization, Transitional Living, and Day Treatment) as defined in Attachment 3.1-A and Attachment 3.1-B that will require that the entity furnish to the State Medicaid agency on an annual basis the following:

- a. Data, by practitioner, on the utilization by Medicaid beneficiaries of the services included in the unit rate and;
- b. Cost information by practitioner type and by type of service actually delivered within the service unit.

Future rate updates will be based on information obtained from the providers.

31. For Targeted Case Management Services for Individuals needing Long Term Care services, payment will be based on the lower of the provider's actual billed charge or the fee schedule established in monthly increments. Except as otherwise noted in the plan, the state developed fee schedule rates are the same for both governmental and private providers of case management for individuals needing Long Term Care. The fee schedule and any annual/periodic adjustments to the fee schedule are published on <http://.nd.gov/dhs/services/medicalserv/medicaid/provider-fee-schedules.html>.

The agency's fee schedule rate was set as of July 1, 2015 and is effective for services provided on or after that date. All rates are published on the agency's website.

33. For Targeted Case Management Services for Pregnant women and Infants, payment will be based on the lower of the provider's actual billed charge or the fee schedule established in 15 minute increments. Except as otherwise noted in the plan, the state developed fee schedule rates are the same for both governmental and private providers of case management for pregnant women and infants. The fee schedule and any annual/periodic adjustments to the fee schedule are published on <http://www.nd.gov/dhs/services/medicalserv/medicaid/provider-fee-schedules.html> . The agency's fee schedule rate was set as of July 1, 2015 and is effective for services provided on or after that date. All rates are published on the agency's website.

The APM rate is a fixed rate and is not subject to adjustment or reconciliation except as provided for below. The APM rate shall equal or exceed the PPS rate that was established for the center.

The RHC's APM rate shall be established according to a two-step process, as follows:

1. Establishment of APM Rate:

(a) The APM rate shall be equal to an amount (calculated on a per visit basis) that is:

- i. For provider-based RHCs, an APM rate shall be established based on 100% of the RHC's billed charges, exclusive of lab charges, for the RHC's fiscal year 2000 plus the fee schedule amount for laboratory services divided by the number of visits.
- ii. For freestanding RHCs the rate will be \$61.85.

(b) The calculation of the APM rate and any subsequent adjustments to that rate shall be on the basis of the reasonable costs of the RHC as provided for under 42 C.F.R. part 413 without the application of provider screens and caps or limitations on costs or cost categories.

(c) The APM rate shall be increased by three percent effective July 1, 2015.

2. One-Time Adjustment:

Each RHC that is an enrolled provider on June 30, 2012 shall have one opportunity to rebase its APM rate. The APM rate shall be adjusted to the Medicare cost per visit, excluding provider screens and caps, from its fiscal year 2012 Medicare cost report. The cost per visit shall exclude laboratory costs and shall be increased by one percentage point for each three month period from the cost report end date to July 1, 2013.

3. Upon the RHC's application, the APM rate shall be adjusted to reflect any increase or decrease in the scope of services furnished by the RHC.