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State/Territory Name: Nevada

State Plan Amendment (SPA) #: 17-012

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 AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

OCT 17 2017

Richard Whitley, Director
Nevada Department of Health and Human Services
4126 Technology Way, Suite 100
Carson City, NV 89706

RE: Nevada State Plan Amendment 17-012

Dear Mr. Whitley:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 17-012. This amendment, effective September 19, 2017, allows a reduction to Medicaid upper payment limit supplemental payments for non-state governmentally-owned or operated hospitals in order to preserve their disproportionate share hospital adjustment payment levels.

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. This is to inform you that Medicaid State plan amendment 17-012 is approved effective September 19, 2017. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

A black rectangular box redacting the signature of Kristin Fan.

Kristin Fan
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

17-012

2. STATE:

NEVADA

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

4. PROPOSED EFFECTIVE DATE

September 19, 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:

State Plan Under Title XIX of the Social Security Act;
CFR 447.271 – 447.272

State Plan Under Title XIX of the Social Security Act;
42 CFR 447, Subpart E

7. FEDERAL BUDGET IMPACT:

a. FFY 2017 \$0

b. FFY 2018 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Nevada State Plan, Attachment 4.19-A, Page 32a and 32a.i.
(Continued)
Nevada State Plan, Attachment 4.19-A, Page 24

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Nevada State Plan, Attachment 4.19-A, Page 32a
Nevada State Plan, Attachment 4.19-A, Page 24

10. SUBJECT OF AMENDMENT:

State Plan Attachment 4.19-A, Page 32a: The Division of Health Care Financing and Policy (DHCFFP) is proposing to revise the supplemental payment calculation methodology in the Nevada Medicaid State Plan to allow an adjustment to the Supplemental Payment for Non-State Governmentally Owned or Operated Hospitals in order to preserve DSH Supplemental Payments to Non-State Governmentally Owned or Operated Hospitals in Nevada.

State Plan Attachment 4.19-A, Page 24: The DHCFFP is proposing to revise the above section of the Nevada Medicaid State Plan to modify the data periods used for the calculation of the individual hospital uncompensated care 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:

The Governor's Office does not wish to review the State Plan Amendment.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:

Lynne Foster, Chief of Division Compliance
DHCFFP/Medicaid
1100 East William Street, Suite 101
Carson City, NV 89701

13. TYPED NAME:

Richard Whitley

14. TITLE:

Director, Department of Health and Human Services

15. DATE SUBMITTED:

September 19, 2017

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

OCT 17 2017

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

SEP 19 2017

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Kristin FAN

22. TITLE:

Director, FMC

23. REMARKS:

Pen-and-ink change made to Box 8 by CMS regional office with state concurrence on 9/27/2017.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

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Attachment 4.19-A

Page 24

programs based on indigency). A system must be maintained by the hospitals to report revenues on Medicaid and uninsured patient accounts to determine uncompensated care cost consistent with Section 1923 (g) of the Social Security Act and implementing regulations at 42 CFR 447 Subpart E. Costs for Medicaid and uninsured patients will be based upon the methodology used in the HCFA 2552 report. Revenue will be deducted from cost. The total costs on the report will be subject to an independent audit. The HCFA 2552 report must be submitted within six months of the hospital's fiscal year end.

C. Calculation of Hospital DSH Payments

1. Using supplemental payment data for the DSH program year and the same period outlined on Subparagraph A.1 for all other data, the Division will calculate the DSH payments for each hospital as follows:
 - a. 50% of the pool amount will be distributed based on the percent to total of the uncompensated care percentage of the hospitals within the pool.
 - i. Uncompensated Care Percentage is the uncompensated care cost of the hospital divided by the net patient revenues of the hospital, as reported on the Medicare Cost Report, which is required to be filed with the State.
 - (a) Net patient revenues are total patient revenues less contracted allowances and discounts. This comes from Medicare cost report, Worksheet G-3 Line 3, less any net patient revenue from non-hospital inpatient and non-hospital outpatient services.
 - b. The remaining 50% of the pool amount will be distributed based on the percent to total of the uncompensated care cost of the hospitals within the pool.
2. The DSH payments will be made monthly to the eligible hospitals. Payments will be based on the State Fiscal Year. DSH payment will in no instance exceed a hospital's DSH limit. If any hospital's calculated DSH payment exceeds its DSH limit, the excess will be redistributed to the remaining hospitals within the pool using the same formula above.

D. Adjusting DSH payments based on DSH Independent Certified Audit results

1. The Division will audit each hospital for each year in which the hospital received a disproportionate share payment pursuant to NRS, NAC and in accordance with the provisions of Title XIX of the Social Security Act, 42 U.S.C. §§ 1396 et seq.
2. After conducting an audit, if a hospital's eligibility changes or its initial DSH payment exceeded its audited DSH limit, the Division will recalculate the

TN No.: 17-012

Approval Date: OCT 17 2017

Effective Date: September 19, 2017

Supersedes

TN No.: 13-011

SUPPLEMENTAL PAYMENT FOR NON-STATE GOVERNMENTALLY OWNED OR
OPERATED HOSPITALS

The state will determine annually the payments to be made to non-state, governmentally owned or operated hospitals under this section of the plan using the following methodology:

1. Identify all non-state government owned (NSGO) or operated acute care hospitals.
2. For each facility identified in Step #1, compute total Medicaid Fee-for-Service inpatient hospital payments using latest available data projected to the current period.
3. For each facility, calculate the difference between payments identified in Step #2, and the hospital's Medicare UPL. This difference is the total maximum disbursement available under this section of the state plan.

These calculations will be set on a prospective basis and will not be retroactively adjusted to previous fiscal years.

A. Calculation of Supplemental Payment for NSGO Hospitals

The state shall determine the maximum annual supplemental amount payable to hospitals prospectively for period that will begin each July 1. The state shall determine the amount of supplemental payments to each facility using the following criteria:

- A. Total supplemental payments under this section of the state plan will not exceed the difference between Medicaid payments and the Medicare UPL calculated in Step #3 above.
- B. Facilities participating in the supplemental payment program will be identified.
- C. Total supplemental payments will be apportioned to public hospitals participating in the supplemental payment program using each hospital's participation percentage. This percentage is calculated by dividing each supplemental payment hospital's Medicaid days by the total Medicaid days for all supplemental payment hospitals.
- D. Medicaid days for each supplemental payment hospital shall be identified using the most recent Medicare cost report data available at the time the calculation are prepared.
- E. Once these participation percentages are determined they will be final and not subject to recalculation, except when errors are found in the calculations. The state will not recalculate the percentages following receipt of more accurate data, such as a more current or audited Medicare cost report.

B. Adjustment to Supplemental Payment for NSGO Hospitals to Preserve DSH

1. The total annual supplemental payment for each hospital will be the lesser of:
 - a) The total supplemental payment as calculated above in Paragraph A; or

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

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Page 32a.i

- b) If the uncompensated care limit of DSH Distribution Pool A or Distribution Pool D per the Medicaid State Plan Attachment 4.19-A, Page 23 for the same time period beginning July 1 as above is less than the maximum amount of DSH payment available to the Distribution Pool, the supplemental payment as calculated in this section above for the individual hospitals in the DSH Distribution Pool will be reduced by the amount necessary to allow the Distribution Pool to receive the maximum DSH payment allowable. In no event will the adjustment for each individual hospital reduce the supplemental payment as calculated in Section A to less than \$0.
2. For the purpose of the reduction discussed in Paragraph B.1.b above, the Supplemental Payment for NSGO Hospitals for all hospitals in each DSH Pool will be reduced by the lesser of:
- a) The amount of the smallest calculated annual Supplemental Payment for NSGO Hospitals in Paragraph A, if there are sufficient DSH funds in the pool to distribute this DSH payment amount equally to all hospitals in the pool, or
 - b) The remaining amount of DSH funds available in the pool which will be distributed by dividing a hospital's maximum allowed DSH payment by the total maximum allowed DSH payments for the hospitals in the distribution calculation.

No hospital will receive a DSH payment greater than the hospital's uncompensated care limit. If a hospital in the pool is projected to have negative uncompensated care costs, as determined in Section VIII of this Attachment 4.19-A, prior to the adjustment calculation described in Paragraph B.2, the hospital will be excluded from the adjustment calculation; the Supplemental Payment for NSGO Hospitals for such hospital will be that as calculated in Paragraph A. If a hospital in the pool has its annual Supplemental Payment for NSGO Hospitals reduced to \$0, this hospital will be removed from further repetitions of Paragraph B.2.

The process in Paragraph B.2.a – b will be repeated until all DSH funds allocated to the DSH Distribution Pool have been distributed or the annual Supplemental Payment for NSGO Hospitals for all hospitals in the DSH Pool have been reduced to \$0.

C. Payment of the Supplemental Payment for NSGO Hospitals

On a quarterly basis, hospitals will receive a supplemental payment equal to 25% of the annually determined supplemental amount. A quarterly payment will be made in each calendar quarter during the state's fiscal year.