



DIVISION OF MEDICAID AND CHILDREN'S HEALTH OPERATIONS
DMCHO: GC

AUG 14 2013

Jason Helgeson
Deputy Commissioner
Office of Health Insurance Programs
New York State Department of Health
Corning Tower (OCP 1211)
Empire State Plaza
Albany, New York 12237

Dear Mr. Helgeson:

This is to notify you that New York State Plan Amendment (SPA) #13-30 has been approved for adoption into the State Medicaid Plan with an effective date of April 1, 2013. The SPA will continue the Ambulatory Patient Group (APG) payment methodology for freestanding clinics to March 31, 2014.

As requested by CMS, Page 2(u) has been added to the originally submitted Page 2(g)(1). Therefore, this approval of SPA #13-30 consists of two (2) pages, Attachment 4.19-B, Page 2(g)(1) and Page 2(u). In addition, we are using the HCFA-179 that was submitted on and dated July 17, 2013, to replace the original June 19, 2013 submitted 179.

We understand New York is working to complete its upper payment limit (UPL) demonstration for these services and expects to have this information to CMS shortly. This UPL information is necessary for continued processing of many pending amendments and will bring the State into compliance with the SMD letter. CMS will not approve any further extension of the State's APG payment system absent the UPL information and may take additional actions.

Enclosed are copies of SPA #13-30 and the HCFA-179 form, as approved.

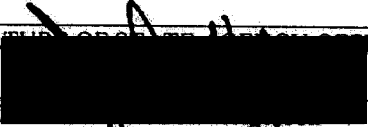
If you have any questions or wish to discuss this SPA further, please contact Gary Critelli at (518) 396-3810 or Joanne Hounsell at (212) 616-2446.

Sincerely,

A black rectangular redaction box covering the signature of John Guhl.

John Guhl
Acting Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Enclosures: HCFA 179 Form
State Plan Pages

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 13-30	2. STATE New York
FOR: HEALTH CARE FINANCING ADMINISTRATION		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 April 1, 2013	
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: Section 1902(a) of the Social Security Act, and 42 CFR 447.204		7. FEDERAL BUDGET IMPACT: a. FFY 04/01/13-09/30/13 \$0 b. FFY 10/01/13-09/30/14 \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B: Page 2(g)(1), 2(u) **Please see remarks		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B: Page 2(g)(1), 2(u)	
10. SUBJECT OF AMENDMENT: APG Extension (Freestanding Clinics)			
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 OFFICIAL: 		16. RETURN TO: New York State Department of Health Bureau of Federal Relations & Provider Assessments 99 Washington Ave - One Commerce Plaza Suite 810 Albany, NY 12210	
13. TYPED NAME: 			
14. TITLE: Medicaid Director Department of Health			
15. DATE SUBMITTED: July 17, 2013			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: August 14, 2013	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: April 01, 2013		20.  OFFICIAL:	
21. TYPED NAME: John Guhl		22. TITLE: Acting Associate Regional Administrator Division of Medicaid and State Operations	
23. REMARKS: **The SPA proposes to continue the Ambulatory Patient Group (APG) payment methodology for an additional year, from April 1, 2013 to March 31, 2014.			

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Attachment 4.19-B

**New York
2(g)(1)**

APG Reimbursement Methodology – Freestanding Clinics

For the purposes of sections pertaining to the Ambulatory Patient Group, and excepted as otherwise noted, the term freestanding clinics shall mean freestanding Diagnostic and Treatment Centers (D&TCs) and shall include freestanding ambulatory surgery centers.

For dates of service beginning September 1, 2009 through March 31, [2013] 2014, for freestanding Diagnostic and Treatment Center (D&TC) and ambulatory surgery center services, the operating component of rates shall be reimbursed using a methodology that is prospective and associated with resource utilization to ensure that ambulatory services are economically and efficiently provided. The methodology is based upon the Ambulatory Patient Group (APG) classification and reimbursement system. This methodology incorporates payments for the separate covered Medicaid benefits in accordance with the payment methods for these services. Reimbursement for the capital component of these rates shall be made as an add-on to the operating component as described in the APG Rate Computation section.

The Ambulatory Patient Group patient classification system is designed to explain the amount and type of resources used in an ambulatory visit by grouping patients with similar clinical characteristics and similar resource use into a specific APG. Each procedure code associated with a patient visit is assigned to an APG using the grouping logic developed by 3M Health Information Systems (3M). When evaluation and management codes are coded, the APG grouping logic also uses the diagnosis code to make the APG assignment. Ultimately, the procedures and diagnoses coded for a patient visit will result in a list of APGs that correspond on a one-for-one basis with each procedure coded for the visit.

TN #13-30

Approval Date AUG 14 2013

Supersedes TN #09-66

Effective Date APR 01 2013

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Attachment 4.19-B

**New York
2(u)**

Upper Payment Limit

The State, in order to comply with the Upper Payment Limit (UPL) regulations at 42 CFR 447.321, will mandate the following for all clinics licensed by the NY State Department of Health, Office of Mental Health, Office of Mental Retardation and Developmental Disabilities, and the Office of Alcoholism and Substance Abuse.

- All clinic providers will prepare and file cost reports. The cost reports must be independently audited for cost and visit data;
- The State will issue notices to all clinic providers no later than December 31, 2009, that providers must maintain beneficiary "threshold visit" data for all payers, in a format that will be independently audited and reported on the provider's annual cost report and/or as a supplemental report for all cost reporting periods beginning on or after January 1, 2010;
- All clinic claims will be subjected to appropriate eMedNY payment edits, which will deny a claim for incorrect and/or inaccurate billing and coding information, starting no later than December 31, 2009;
- The aggregate UPL for each category of clinic (private, state owned or operated, non-state government owned or operated) will be calculated using an average cost per visit or such other method that may be authorized by federal statute or regulation;
- All costs must be costs that would be allowable using Medicare cost reporting and allocation principles;
- The State will remove all costs and payments associated with services that do not meet the definition of a clinic as described in 42 CFR 440.90, for example, transportation, in-home services, etc.;
- The State will provide a progress report to Centers for Medicare and Medicaid Services (CMS) by June 30, 2011 on eMedNY editing, claims coding, and the cost reporting process;
- The State will [provide] submit an addendum to the July 12, 2012 progress report by [December 31, 2011] September 30, 2013 to include the status of providers who submitted 2010 and 2011 audited cost reports, and such audited reports will be provided to CMS based on CMS' sample; and
- The State will submit a full UPL using [2010] 2011 cost data by December 31, [2012] 2013.

TN #13-30

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