

Table of Contents

State/Territory Name: VT

State Plan Amendment (SPA) #: 14-0023

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
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



AUG 19 2014

Douglas A. Racine, Secretary
Vermont Agency of Human Services
208 Hurricane Lane, Suite 103
Williston, Vermont 05495

RE: Vermont 14-023

Dear Mr. Racine:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 14-023. This amendment updates the Disproportionate Share Hospital (DSH) payment methodology for SPRY 2015. Specifically, it updates the base year data used to set DSH payments and implements a percent increase in the amount allocated to DSH eligibility group number three. It also adds language to exclude days in the payment distribution formulas for hospitals that choose to waive participation in the DSH program.

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. The Medicaid State plan amendment 14-023 is approved effective October 1, 2014. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Novena James-Hailey at (617) 565-1291.

Sincerely,

Cindy Mann /
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 14 - 023	2. STATE: VERMONT
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
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		4. PROPOSED EFFECTIVE DATE(S) OCTOBER 1, 2014	
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR §430.12(c)(ii)		7. FEDERAL BUDGET IMPACT: a. FFY 2015 \$ 0 b. FFY 2016 \$ 0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: ATT. 4.19-A PG 1F, 1G, 1H		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) ATT. 4.19-A PG 1F, 1G, 1H	
10. SUBJECT OF AMENDMENT: DSH FFY 2015			
11. GOVERNOR'S REVIEW (<i>Check One</i>): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED SIGNATURE OF SECRETARY OF ADMINISTRATION	
12. SIC:		16. RETURN TO: LINDSAY PARKER DEPARTMENT OF VERMONT HEALTH ACCESS 312 HURRICANE LANE, SUITE 201 WILLISTON, VT 05495	
13. TYPED NAME: DOUGLAS A. RACINE		14. TITLE: SECRETARY, AGENCY FOR HUMAN SERVICES	
15. DATE SUBMITTED:		15. DATE SUBMITTED:	
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: AUG 19 2014	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT 1 2014		20.	
21. TYPED NAME: Penny Thompson		22. TITLE: Deputy Director, Policy & Financial Mgt. CMCS	
23. REMARKS			

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - INPATIENT HOSPITAL SERVICES (CONTINUED)

VII. Data Sources for Computation of Disproportionate Share Payments

A Base Year is established each year for collecting the data used to set disproportionate share payments in each State Plan Year (SPY). For payments in SPY 2015 (effective October 1, 2014), the Base Year used is the fiscal year ending September 30, 2012. The Base Year will advance one year for each subsequent SPY. Data sources, and the data that will be used from them, include the following:

- A. From the State's Medicaid Management Information System (MMIS)
 - 1. Vermont Medicaid inpatient and outpatient hospital charges
 - 2. Vermont Medicaid inpatient days - Excluded from this figure are Title XXI days and days attributable to Medicaid patients between 21 and 65 years of age in Institutions for Mental Disease (IMD).
 - 3. Vermont Medicaid payments
- B. Hospital Medicare Cost Reports
 - 1. Hospital cost-to-charge ratios
 - 2. Total hospital inpatient days and total Medicaid inpatient days
 - 3. Medicaid inpatient accommodation per diem costs
- C. Hospital Attestation. Federal statute, specifically 42 CFR 447 and 455 requires that hospitals provider certain information for the DSH calculation. The Department of Vermont Health Access (DVHA) collects this federally required information in the form of an attestation from hospitals. Hospitals are required to complete this attestation each year to allow the DVHA the ability to collect data that is not available from any other sources. The DVHA will establish the due date for hospitals to complete this attestation each year and will provide hospitals at least 60 calendar days to complete the attestation. The due date will be on or before May 1. Hospitals who do not submit a completed attestation by the due date waives its right to be eligible for a DSH payment for that DSH plan year.
 - 1. Attestation of federal obstetrical requirement.
 - 2. Total state and local cash subsidies for inpatient and outpatient services
 - 3. Disproportionate share payments from other states and Section 1011 payments
 - 4. Inpatient days for Medicare/Medicaid dual eligibles, out of state Medicaid beneficiaries, and individuals with no third party coverage
 - 5. Inpatient and outpatient hospital charges for Medicare/Medicaid dual eligibles, out of state Medicaid beneficiaries, and individuals with no third party coverage
 - 6. Payments for claims from Medicare/Medicaid dual eligibles, out of state Medicaid beneficiaries, and individuals with no third party coverage
- D. Green Mountain Care Board's Payer Revenue by Hospital (former Report 5)
 - 1. Net Medicaid and Net All Payer patient services revenue
 - 2. Gross Inpatient Charges
- E. Audited hospital financial statements and hospital accounting records.
 - 1. Total revenue for hospital patient services, including inpatient and outpatient services and services by sub provider

TN# 14-023

Effective Date: 10/01/14

Supersedes

TN# 13-031

Approval Date: AUG 19 2014

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - INPATIENT HOSPITAL SERVICES (CONTINUED)

VIII. Disproportionate Share Payments (DSH)

Each year of the program, DVHA will determine the DSH Eligibility Group that each hospital is eligible for before calculating payments. If a hospital is eligible for more than one DSH Eligibility Group, for the purposes of computing the funding for each DSH group, the hospital will be placed in the DSH Eligibility Group that maximizes the hospital's DSH payment.

Within a DSH Eligibility Group, funds will be assigned to each hospital using the formulas described in VIII.A. Hospitals may only receive funds from one DSH Eligibility Group each year.

The Total DSH Funding for the DSH State Plan Year 2015 is \$37,448,781. At the time that DSH payments are disbursed, DVHA will publish the funding for each DSH Eligibility Group and a schedule showing the DSH payment made to each eligible hospital.

A. Payment Formulas

Before the calculation of funding by DSH Eligibility Group occurs, the calculation of each Hospital Specific Limit is completed as described in VIII.B. Funding for each Group is then completed as follows:

1. Funding for DSH Group #3 is done first. The amount funded for Group #3 is the lesser of 50% of the of the Total DSH Funding for the DSH SPY or 76% of the combined Hospital Specific Limit for all hospitals in the Group.
2. Subtract the amount funded for DSH Group #3 from the Total DSH Funding for the DSH SPY to derive the remaining amount to be allocated between DSH Groups #1, #2 and #4.
3. Calculate for each hospital its percentage of Title XIX statewide days in the Base Year.

(Continued)

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - INPATIENT HOSPITAL SERVICES (CONTINUED)

VIII. Disproportionate Share Payments (DSH) (Continued)

A. Payment Formulas (Continued)

- a. The total statewide days value used in the calculation excludes the Title XIX days for any hospitals in DSH Group #3.
- b. The total statewide days does not include days from any in-state hospitals that were paid for Title XIX days in the Base Year if they are not eligible for a DSH payment, or if they waived participation from the DSH program.
4. Sum the percentage of statewide days in the DSH Group.
5. Calculate the DSH Allotment by DSH Eligibility Group using the following formula:

$$\frac{\text{Total Remaining DSH Funding Available (computed in Step 2)}}{\text{Total Percentage of Statewide Days in the DSH Group (computed in Step 4)}} *$$
6. The DSH payments to each hospital in DSH Groups #1, #2 and #4 are made using the following methodology:
 - a. For each DSH Group, compute an Aggregate Hospital Limit that is the sum of the individual Hospital Specific Limits within the DSH Group for hospitals that are eligible for a DSH payment, excluding any hospital that waived participation from the DSH program.
 - b. Determine each hospital's limit as a percentage of the Aggregate Hospital Limit.
 - c. Multiply the percentage computed in (b) by the DSH Group Allotment in VIII.A.5.