## Table of Contents

**State/Territory Name: Vermont**

**State Plan Amendment (SPA) #: 16-005**

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
JFK Federal Building, Government Center
Room 2275
Boston, Massachusetts 02203

CENTERS FOR MEDICARE & MEDICAID SERVICES

**Division of Medicaid and Children's Health Operations / Boston Regional Office**

April 26, 2016

Hal Cohen, Secretary
Vermont Agency of Human Services
208 Hurricane Lane, Suite 103
Williston, Vermont 05495

Dear Secretary Cohen:

We are pleased to enclose an approved copy of Vermont's approved State plan amendment (SPA) No. 16-0005 with an effective date of January 1, 2016, as requested by your Agency.

This SPA amended your Title XIX State plan to update the reimbursement methodology for Clinical Diagnostic Laboratory Services that are not covered under Medicare's OPPS payment methodology. This SPA sets the payment rates for such services at 100% of the Medicare Clinical Diagnostic Laboratory fee schedule.

Enclosed are the following pages to be incorporated within your State plan:

- Attachment 4.19-B, pages 2a(2) and 2a(3)

If there are questions, please contact Tom Schenck at (617) 565-1325, or tom.schenck@cms.hhs.gov .

Sincerely,

[redacted]

Richard R. McGreal
Associate Regional Administrator

Enclosure

cc: Steven Costantino, Commissioner
Dylan Frazer, Health Programs Administrator, Policy Unit
Ashley Berliner, Director of Healthcare Policy and Planning

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

**FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES**

1. TRANSMITTAL NUMBER: 16-005

2. STATE: VERMONT

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

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE(S)
JANUARY 1, 2016

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 §430.12(c)(1)(ii)

7. FEDERAL BUDGET IMPACT:
a. FFY 2016 $ 0.00
b. FFY 2017 $ 0.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
ATT. 4.19-B PAGES 2A(2) AND 2A(3)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
ATT. 4.19-B PG 2A(2)

10. SUBJECT OF AMENDMENT:
Clinical Laboratory Fee Schedule

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
SIGNATURE OF SECRETARY OF ADMINISTRATION
[redacted]

12. SIGNATURE OF STATE AGENCY OFFICIAL:
[redacted]

13. TYPED NAME:
HAL COHEN

14. TITLE:
SECRETARY, AGENCY OF HUMAN SERVICES

15. DATE SUBMITTED: 3/29/16

16. RETURN TO:
DYLAN FRAZER

AGENCY OF HUMAN SERVICES CENTER BUILDING
280 STATE DRIVE
WATERBURY, VT 05671-1000

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: 3/29/2016

18. DATE APPROVED: 4/26/16

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 1/1/2016

20. SIGNATURE OF REGIONAL OFFICIAL:
[redacted]

21. TYPED NAME: Richard R. McGreal

22. TITLE Associate Regional Administrator

23. REMARKS

FORM CMS-179 (07-92)

*Instructions on Back*

METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE (Continued)

2. b. Rural Health Clinic Services/Federally Qualified Health Centers

☒ The payment methodology for FQHCs/RHCs will conform to section 702 of the BIPA 2000 legislation.

☒ The payment methodology for FQHCs/RHCs will conform to the BIPA 2000 requirements Prospective Payment System (PPS).

☒ The payment methodology for FQHCs/RHCs will conform to the BIPA 2000 requirements for an alternative payment methodology. The payment amount determined under this methodology:

1. Is agreed to by the State and the center or clinic; and
2. Results in payment to the center or clinic of an amount which is at least equal to the PPS payment rate.

Effective in the center's fiscal year beginning January 1, 2002, or later, payment to RHC's and FQHC's will be made at the greater of the federal PPS payment level with any adjustment for changes in scope, or allowable costs up to the Medicaid upper limit. For RHC's subject to the Medicare upper limit, the interim payment shall be calculated at 110% of the Medicare amount for services provided on or after November 1, 2013. For services provided by FQHC's on or after November 1, 2013, the interim payment shall be calculated at 130% of the Medicare upper limit for that year. For RHC's not subject to Medicare upper limit, the Medicaid upper limit shall be 125% of the non-urban FQHC Medicare upper limit from each calendar year. Effective on and after October 1, 2014, for RHC's not subject to the Medicare upper limit, the Medicaid upper limit shall be 130% of the non-urban FQHC Medicare upper limit for that year. The Commissioner may waive the application of the upper limit, in part or in whole, for good cause shown.

Thirty days prior to a fiscal year the DVHA shall set the interim payment for the next year at the greater of the PPS rate or the rate derived from the most recent adjudicated cost report up to the Medicaid upper limit. If the entity submits a timely cost report, the DVHA will settle on the basis of reasonable costs up to the limit. If the entity does not file a timely cost report and the interim payment was based on the costs, the DVHA will settle the interim payments at the PPS levels.

If a facility elects to be paid by the PPS system, it need not file a Medicaid cost report for that year. If a center elects to be paid by the cost-based system, it must include a declaration of agreement to use the cost-based alternative with its cost report.

METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE (Continued)

3. Other Laboratory and X-Ray Services

Payment is limited to laboratories and laboratory services certified by Medicare. Reimbursement is made at the lower of the provider's charge or the Medicaid rate on file. The Agency's rates were set as of July 1, 2009 and are effective for services on for after that date. All rates are published on http://dvha.vermont.gov/for-providers. Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private.

Effective January 1, 2016 other Clinical Diagnostic Laboratory services, not covered under the Medicare OPPS payment methodology, will be paid at 100% of Medicare's Clinical Diagnostic Laboratory fee schedule. These rates will be updated annually using the latest version of Medicare's Clinical Diagnostic Laboratory fee schedule. Medicaid reimbursement for Clinical Diagnostic Laboratory tests may not exceed the amount that Medicare recognizes for such tests. All rates are published on http://dvha.vermont.gov/for-providers.