This document is intended to provide guidance on standard UPL formulas that a State may use to demonstrate their UPLs and enhanced practitioner payment limit. Here you will find a crosswalk between the names of variables and the variable numbers as identified in the OMB-approved templates. States are expected to utilize these methodologies to demonstrate their UPLs and enhanced practitioner payment limit. Acronyms are identified at the end of this document. Questions about the formulas may be directed to the Medicaid UPL Mailbox.

**Inpatient Hospital Services**

**Inpatient Cost UPL Template Description**

\[
UPL = \left( \frac{\text{MCR Costs}}{\text{MCR Charges}} \times \text{MCD Charges} \times \text{UPL Inflation} \right) + \text{MCD Provider Tax Cost} + \text{Other Adj to UPL Amount}
\]

**Inpatient Cost UPL Template Calculation**

\[
UPL = \left( \frac{\text{var 203}}{\text{var 204}} \times \text{var 301} \times \text{var 405} \right) + \text{var 401} + \text{var 402}
\]

**Inpatient Payment UPL Template Description**

\[
UPL = \left( \frac{\text{MCR Payments}}{\text{MCR Charges}} \times \text{MCD Charges} \times \text{UPL Inflation} \right) + \text{Other Adj to UPL Amount}
\]

**Inpatient Payment UPL Template Calculation**

\[
UPL = \left( \frac{\text{var 205}}{\text{var 204}} \times \text{var 301} \times \text{var 405} \right) + \text{var 402}
\]
CMS Standard UPL Template Formulas

Inpatient Per Diem UPL Template Description

\[ UPL = \left( \frac{MCR \text{ Cost or Payments}}{MCR \text{ Days}} \right) \times MCD \text{ Days} \times UPL \text{ Inflation} \right) + \text{Other Adj to UPL Amount} \]

Inpatient Per Diem UPL Template Calculation

\[ UPL = \left( \frac{\text{var 203 or var 205}}{\text{var 210}} \right) \times \text{var 310} \times \text{var 405} + \text{var 402} \]

Inpatient DRG UPL Template Description

\[ UPL = \left( \frac{MCR \text{ Payments Subject to CMI}}{MCR \text{ CMI}} \right) + \text{MCR Payments Not Subject to CMI} \]

\[ \frac{\text{MCD Discharges}}{\text{MCR Discharges}} \times \text{MCR Inflation} + \text{Other Adj to UPL Amount} \]

Inpatient DRG UPL Template Calculation

\[ UPL = \left( \frac{\text{var 205.1}}{\text{var 207}} + \text{var 205.2} \right) \times \frac{\text{var 304}}{\text{var 206}} \times \text{var 405} + \text{var 402} \]
CMS Standard UPL Template Formulas

**Outpatient Hospital Services**

Outpatient Cost UPL Template Description

\[
UPL = \left( \frac{MCR Costs}{MCR Charges} \cdot MCD Charges \cdot UPL Inflation \right) + MCD Provider Tax Cost + Other Adj to UPL Amount
\]

Outpatient Cost UPL Template Calculation

\[
UPL = \left( \frac{\text{var 203}}{\text{var 204}} \cdot \text{var 301} \cdot \text{var 405} \right) + \text{var 401} + \text{var 402}
\]

Outpatient Payment UPL Template Description

\[
UPL = \left( \frac{MCR Payments}{MCR Charges} \cdot MCD Charges \cdot UPL Inflation \right) + Other Adj to UPL Amount
\]

Outpatient Payment UPL Template Calculation

\[
UPL = \left( \frac{\text{var 205}}{\text{var 204}} \cdot \text{var 301} \cdot \text{var 405} \right) + \text{var 402}
\]
CMS Standard UPL Template Formulas

Nursing Facility Services

Nursing Facility Cost UPL Template Description

\[
UPL = \left( (MCR \ Per \ Diem + \ Adj \ to \ MCR \ Per \ Diem \ #1 + \ Adj \ to \ MCR \ Per \ Diem \ #2) \times UPL \ Inflation \right) \times MCD \ Days \\
+ MCD \ Provider \ Tax \ Cost + Other \ Adj \ to \ UPL \ Amount
\]

Nursing Facility Cost UPL Template Calculation

\[
UPL = \left( (\text{var} \ 211 + \text{var} \ 212.1 + \text{var} \ 212.2) \times \text{var} \ 405 \right) \times \text{var} \ 310 + \text{var} \ 401 + \text{var} \ 402
\]

Nursing Facility RUGs UPL Template Description

\[
UPL = (\text{Avg} \ MCR \ RUGs \ Rate \ Per \ Diem + \ Adj \ to \ RUGs \ Rate \ #1 + \ Adj \ to \ RUGs \ Rate \ #2) \times UPL \ Inflation \times MCD \ Day \\
+ \text{Other} \ Adj \ to \ UPL \ Amount
\]

Nursing Facility RUGs UPL Template Calculation

\[
UPL = (\text{var} \ 216 + \text{var} \ 219.1 + \text{var} \ 219.2) \times \text{var} \ 405 \times \text{var} \ 310 + \text{var} \ 402
\]
CMS Standard UPL Template Formulas

Nursing Facility Per Diem UPL Template Description

\[ UPL = (MCR \text{ Per Diem} + \text{Adj to MCR Per Diem #1} + \text{Adj to MCR Per Diem #2}) \times \frac{MCD \text{ CMI}}{MCR \text{ CMI}} \times \text{UPL Inflation} \times MCD \text{ Days} \]

+ Other Adj To UPL Amount

Nursing Facility Per Diem UPL Template Calculation

\[ UPL = (\text{var 211} + \text{var 212.1} + \text{var 212.2}) \times \frac{\text{var 305}}{\text{var 207}} \times \text{var 405} \times \text{var 310} + \text{var 402} \]

Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) Services

ICF/IID UPL Template Description

\[ UPL = \left( (MCR \text{ Per Diem} + \text{Adj to MCR Per Diem #1} + \text{Adj to MCR Per Diem #2}) \times \text{UPL Inflation} \right) \times MCD \text{ Days} \]

+ MCD Provider Tax Cost + Other Adj to UPL Amount

ICF/IID UPL Template Calculation

\[ UPL = \left( (\text{var 211} + \text{var 212.1} + \text{var 212.2}) \times \text{var 405} \right) \times \text{var 310} + \text{var 401} + \text{var 402} \]
CMS Standard UPL Template Formulas

Institutions of Mental Disease (IMD) Services

IMD UPL Template Description

\[ UPL = ((\text{Per Diem Charge or Cost or Payment} + \text{Adj to Per Diem}) \times \text{UPL Inflation}) \times \text{MCD Days} \]
\[ + \text{MCD Provider Tax Cost} + \text{Other Adj to UPL Amount} \]

IMD UPL Template Calculation

\[ UPL = ((\text{var 223} + \text{var 212.3}) \times \text{var 405}) \times \text{var 310} + \text{var 401} + \text{var 402} \]

Psychiatric Residential Treatment Facility (PRTF) Services

PRTF UPL Template Description

\[ UPL = ((\text{Per Diem Charge or Cost or Payment} + \text{Adj to Per Diem}) \times \text{UPL Inflation}) \times \text{MCD Days} \]
\[ + \text{Other Adj to UPL Amount} \]

PRTF UPL Template Calculation

\[ UPL = ((\text{var 223} + \text{var 212.3}) \times \text{var 405}) \times \text{var 310} + \text{var 402} \]

Note: The PRTF UPL is a payment limit calculated on the basis of each facility’s charges; the State must demonstrate that payment on a per facility basis does not exceed charges. A State may not borrow UPL room from one provider to another.
CMS Standard UPL Template Formulas

Clinic Services

Clinic Cost-based UPL Template Description

\[ UPL = \left( \frac{MCR \text{ Costs}}{MCR \text{ Charges}} \right) \times MCD \text{ Charges} \times UPL \text{ Inflation} + \text{Other Adj to UPL Amount} \]

Clinic Cost-based UPL Template Calculation

\[ UPL = \left( \frac{\text{var 203}}{\text{var 204}} \right) \times \text{var 301} \times \text{var 405} + \text{var 402} \]

Clinic Payment-based UPL Template Description

\[ UPL = \left( \frac{MCR \text{ Payments}}{MCR \text{ Charges}} \right) \times MCD \text{ Charges} \times UPL \text{ Inflation} + \text{Other Adj to UPL Amount} \]

Clinic Payment-based UPL Template Calculation

\[ UPL = \left( \frac{\text{var 205}}{\text{var 204}} \right) \times \text{var 301} \times \text{var 405} + \text{var 402} \]

Note: The clinic UPL demonstration applies to services of freestanding clinics not affiliated with hospitals. The clinic services UPL is generally derived from state-developed cost reports, not imputed on the basis of total cost and total charges reported on Medicare Hospital Cost Report CMS Form 2552-10. Similar to the CMS Form 2552-10, data reported at variables 203, 204, and 205 are reported inclusive of all payers, not just Medicaid. While variables 203, 204, and 205 reference Medicare, it is understood that for the purpose of demonstrating the clinic service UPL, costs, payments, and charges actually refer to the amounts reported in the clinic cost report. To derive the imputed Medicaid cost or payment according to Medicare cost principles, the all-inclusive cost-to-charge ratio or payment-to-charge ratio, is multiplied by Medicaid charges for the charges incurred over the dates of service covered by the demonstration.
CMS Standard UPL Template Formulas

Clinic UPL Template Description if Using Fee Schedule

\[
UPL = (MCR Payments \times UPL Inflation) + \text{Other Adj to UPL Amount}
\]

Clinic UPL Template Calculation if Using Fee Schedule

\[
UPL = (\text{var } 205 \times \text{var } 405) + \text{var } 402
\]

Practitioner/Physician Services

Enhanced Practitioner Payment Template Description if Using ACR Approach

\[
\text{Enhanced Payment Amount} = \text{Average Commercial Rate}
\]

Enhanced Practitioner Payment Template Calculation if Using ACR Approach

\[
\text{Enhanced Payment Amount (var } 423) = \text{var } 422
\]

Note: The UPL based on the Average Commercial Rate (ACR) is reported in the template under variable 422 using data derived from the state’s worksheets.

Enhanced Practitioner Payment Template Description if Using MCR Equivalent of ACR Approach

\[
\text{Enhanced Payment Amount} = MCR Payment Amount \times \text{ACR as a Percent of MCR Rate}
\]

Physician Enhanced Payment Template Calculation if Using MCR Equivalent of ACR Approach

\[
\text{Enhanced Payment Amount (var } 423) = \text{var } 225 \times \text{var } 226
\]
CMS Standard UPL Template Formulas

### Appendix A: Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACR</td>
<td>Average Commercial Rate</td>
</tr>
<tr>
<td>CMI</td>
<td>Case Mix Index</td>
</tr>
<tr>
<td>MCD</td>
<td>Medicaid</td>
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<td>Medicare</td>
</tr>
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<td>RUGs</td>
<td>Resource Utilization Group</td>
</tr>
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<td>UPL</td>
<td>Upper Payment Limit</td>
</tr>
<tr>
<td>Var</td>
<td>Variable</td>
</tr>
</tbody>
</table>