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State/Territory Name: DC

State Plan Amendment (SPA) #: 23-0011

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 S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

January 24, 2024

Melisa Byrd
Senior Deputy Director/Medicaid Director
Department of Health Care Finance
441 4th Street, NW, 9th Floor, South
Washington, DC 20001

Reference: TN 23-0011

Dear Medicaid Director:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 23-0011. This amendment revises the rebasing schedule by delaying until FY 2025, to the inflation methodology beginning with FY 2024.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) 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 DC-23-0011 is approved effective October 1, 2023. The CMS-179 and the amended plan page(s) are attached.


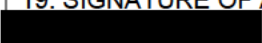
If you have any additional questions or need further assistance, please contact Kristina Mack at 617-565-1225 or Kristina.Mack-Webb@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of the sender.

Rory Howe
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: DC 23-0011	2. STATE: District of Columbia
		3. PROGRAM IDENTIFICATION: TITLE <u>XIX</u> OF THE SOCIAL SECURITY ACT	
TO: CENTER DIRECTOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: October 1, 2023	
5. FEDERAL STATUTE/REGULATION CITATION: 42 CFR §447.250, 42 CFR §447.253, 42 USC §1396a(13)(A), 42 CFR §447.200		6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars): a. FFY <u>2024</u> : 0 b. FFY <u>2025</u> : 0	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, Part II, p. 21-21A		8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): TN# 17-006, Attachment 4.19-A, Part II, p. 21-21A	
9. SUBJECT OF AMENDMENT: To revise the rate rebasing schedules for Specialty Hospitals.			
10. GOVERNOR'S REVIEW (<i>Check One</i>)			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: D.C. Act: <u>22-434</u>	
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED			
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
11. SIGNATURE OF STATE AGENCY OFFICIAL 		15. RETURN TO Melisa Byrd Senior Deputy Director/Medicaid Director Department of Health Care Finance 441 4 th Street, NW, 9 th Floor, South Washington, DC 20001	
12. TYPED NAME Melisa Byrd			
13. TITLE Senior Deputy Director/Medicaid Director			
14. DATE SUBMITTED December 15, 2023			
FOR CMS USE ONLY			
16. DATE RECEIVED December 15, 2023		17. DATE APPROVED January 24, 2024	
PLAN APPROVED – ONE COPY ATTACHED			
18. EFFECTIVE DATE OF APPROVED MATERIAL October 1, 2023		19. SIGNATURE OF APPROVING OFFICIAL 	
20. TYPED NAME OF APPROVING OFFICIAL Rory Howe		21. TITLE OF APPROVING OFFICIAL Director, Financial Management Group	
22. REMARKS			

1/10/24: Pen and ink update to Box 14. Permission received from DC.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES:
HOSPITAL CARE

PART II. Payment to Specialty Hospitals for Inpatient Hospital Stays

D. Inflation Adjustment: Effective FY 2024, beginning on October 1, 2023, and annually thereafter except during a rebasing year, DHCF shall apply an inflation adjustment to the then current base per diem or per stay rate associated with each specialty hospital.

1. DHCF shall base inflation adjustment on the appropriate, hospital type specific inflation factor proposed under the Medicare program, set forth in the Hospital Inpatient Prospective Payment Systems (PPS) for general hospitals and the LTCH PPS, for the same federal FY in which the rates will be effective.
2. In accordance with 42 U.S.C. § 1395ww, the Medicare Inflation Factor shall include multifactor productivity, statutory and any other relevant adjustments to the market basket rate of increase.
3. In non-rebasing years, DHCF can modify the Current Base Rate with a Cost Adjustment Factor that reflects the hospital’s reported costs including an assessment of case mix, claims, and discharge data.
4. The Final Base Rate in non-rebasing years shall be calculated using the following formula:

$$\begin{array}{c}
 [1] \\
 \text{Current Base Rate} \\
 \times \\
 [2] \\
 \text{Medicare Inflation Factor} \\
 \times \\
 [3] \\
 \text{Cost Adjustment Factor} \\
 = \\
 [4] \\
 \text{Final Base Rate}
 \end{array}$$

E. Rebasing:

1. The FY 2023 specialty hospital per diem rate rebasing shall be delayed until FY 2025 to mitigate the effects of atypical cost trends caused by the COVID-19 Public Health Emergency.
2. Following the FY 2025 rebasing for specialty per diem hospitals, the base per diem and per stay rates shall be rebased effective FY 2027, beginning October 1, 2026, and every four (4) years thereafter (i.e., quadrennially).

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3. For rebasing occurring quadrennially on October 1, the updated base rate shall be based on each hospital's reported costs for the hospital's fiscal year, including case mix, claims, and discharge data.
 - a. Any hospital that enters the District of Columbia market during a non-rebasing year shall be paid a rate equal to the base rate associated with a comparable specialty hospital until the next rebasing period, provided at least twelve (12) months of data are available prior to rebasing.
- F. **Policies Specific to Specialty Hospitals:** Reimbursement to specialty hospitals shall be subject to the following policies:

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