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State/Territory Name: Idaho

State Plan Amendment (SPA) #: 25-0010

This file contains the following documents in the order listed:

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

December 10, 2025

Sasha O'Connell
Deputy Director
Idaho Department of Health and Welfare
Division of Medicaid
PO Box 83720
Boise, ID 83720-0009

RE: TN 25-0010

Dear Director O'Connell

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Idaho state plan amendment (SPA) to Attachment 4.19-A and Attachment 4.19-B ID-25-0010, which was submitted to CMS on September 15, 2025. This plan amendment discontinues contracting and reimbursing as part of the Healthy Connections Value Care (HCVC) program through value care organizations and the Healthy Connections (HC) primary care case management program.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of January 1, 2026. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Sudev Varma at 301-448-3916 or via email at sudev.varma@cms.hhs.gov or Monica Neiman at monica.neiman@cms.hhs.gov.

Sincerely,

[redacted]

Rory Howe
Director
Financial Management Group

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 25-0010

2. STATE: ID

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

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
01/01/2026

5. FEDERAL STATUTE/REGULATION CITATION
Section 1932(a) of the Act; 42 C.F.R. Part 438

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ (8,361,200)
b. FFY 2027 $ (11,333,000)

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Medicaid State Plan Attachment 4.19-A pages 13a-1
Medicaid State Plan Attachment 4.19-B pages 13-17.b, 41, 42

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Medicaid State Plan Attachment 4.19-A pages 13a-1
Medicaid State Plan Attachment 4.19-B pages 13-17.b, 41, 42

9. SUBJECT OF AMENDMENT
Amendment to the State Plan to discontinue contracting and reimbursing as part of the Healthy Connections Value Care (HCVC) program through value care organizations and the Healthy Connections (HC) primary care case management program.

10. 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:

[redacted]NCY OFFICIAL

12. TYPED NAME
SASHA O'CONNELL

13. TITLE
Deputy Director

14. DATE SUBMITTED
09/15/2025

15. RETURN TO
Deputy Director
Idaho Department of Health and Welfare
Division of Medicaid
PO Box 83720
Boise, ID 83720-0009

FOR CMS USE ONLY

16. DATE RECEIVED
September 15, 2025

17. DATE APPROVED
December 10, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
January 1, 2026

[redacted]ROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director of the Financial Management Group

22. REMARKS

Instructions on Back

hospitals not to allow expenditures paid for by the supplemental payments to be included in costs used to set Medicaid hospital payment rates.

The supplemental payments shall not exceed the Medicaid upper payment limits for non-state government-owned and/or operated hospital payments. The Medicaid upper payment limit analysis will be performed prior to making the supplemental payments.

For state fiscal year 2022, supplemental payments will be distributed based on each qualifying provider's 2020 calendar year Idaho Medicaid inpatient days. Each state fiscal year thereafter shall be determined in the same manner using a rolling yearly schedule.

02. SUPPLEMENTAL PAYMENTS FOR PRIVATE HOSPITALS.

The supplemental payments made to private hospitals are subject to prior federal approval and a contractual commitment by the hospitals not to allow expenditures paid for by the supplemental payments to be included in costs used to set Medicaid hospital payment rates.

Subject to the provisions of this section, eligible providers of Medicaid inpatient hospital services shall receive a supplemental payment each state fiscal year. Eligible providers are private hospitals with emergency departments, and private hospitals that are categorized as "rehabilitation" or "psychiatric" as provided in section II.C. of the most current "Application for Hospital Licenses and Annual Report." by the Bureau of Facility Standards of the Department of Health and Welfare.

The supplemental payments are intended to be used to improve access to health care. The payments made to these facilities will be based on the aggregate difference in the actual amount paid by the Medicaid program and the amount that would have been paid under Medicare payment principles using a cost basis method. The supplemental payments shall not exceed the Medicaid upper payment limits private hospital payments. The Medicaid upper payment limit analysis will be performed prior to making the supplemental payments.

For state fiscal year 2022, supplemental payments will be distributed based on qualifying provider's 2020 calendar year Idaho Medicaid inpatient days. Each state fiscal year thereafter shall be determined in the same manner using a rolling yearly schedule. Supplemental payments made to the private hospitals that provide inpatient hospital services will be distributed to all hospitals within that group based on a hospital's percentage of Medicaid inpatient days to total inpatient days within the group.

F. Payment to a Medicaid provider shall be:

I. Where there is an equivalent the payment to a Medicaid provider for primary care procedure codes, as defined by the Centers for Medicare and Medicaid Services, payment will not exceed one hundred percent (100%) of the Medicare rate; and payment will be ninety percent (90%) of the Medicare rate for all other procedure codes.

1. Where there is no Medicare equivalent, payment will be prescribed by use of approved pricing documentation, which may include but is not limited to invoices that list the manufacturer's suggested retail pricing (MSRP), Average Wholesale Price (AWP), and/or Wholesale Acquisition Cost (WAC).

2.Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers. The agency's fee schedule rate was set as of January 1, 2026, and is effective for services provided on or after that date. All rates are published at http://www.healthandwelfare.idaho.gov/providers/idaho-medicaid-providers/information-medicaid-providers

G. HEALTHY CONNECTIONS VALUE CARE (HCVC) PROGRAM.

Effective January 1, 2026, the Healthy Connections Value Care (HCVC) value-based purchasing program will be terminated, with the final performance year settlement made to all participating Value Care Organizations (VCOs) on or before December 31, 2026.

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28.

a. OUTPATIENT SUPPLEMENTAL PAYMENTS FOR NON-STATE GOVERNMENT-OWNED HOSPITALS. Subject to the provisions of this section, eligible providers of Medicaid outpatient hospital services shall receive a supplemental payment. Eligible providers are non-state government- owned and/or operated hospitals, including critical access hospitals. The supplemental payments are intended to be used to improve access to health care. The payments made to these facilities will be based on the aggregate difference in the actual amount paid by the Medicaid program and the amount that would have been paid under Medicare payment principles.

Distributed supplemental payments will be made once each State fiscal year and will be calculated based on a previous cost reporting year's Medicaid payment and cost data. The computation of the Medicaid UPL will utilize cost data derived from Worksheet D, Part V, Line 202 of the Medicare Form 2552.

Beginning with State fiscal year 2022, the Medicaid Upper Payment Limit (UPL) will be computed using Medicare cost finding principles based on the latest cost report available at the time of the calculation for each hospital. This information will be inflated, via the Market Basket Index, to the midpoint of the state fiscal year.

Supplemental payments made to the non-state governmental-owned or -operated hospitals that provide outpatient hospital services will be distributed to all hospitals within that group based on a hospital's percentage of Medicaid outpatient hospital payments to total Medicaid outpatient hospital payments made within the group. The State fiscal year 2022 supplemental payments will be distributed based on the outpatient hospital payments to each hospital in calendar year 2020. This data is derived from the State's Medicaid Management Information System (MMIS). Payments shall not exceed the Medicaid upper limits for non-state government-owned and/or operated hospital payments for the year in which supplemental payments are made. The Medicaid upper payment limit analysis will be performed prior to making the supplemental payments. For each succeeding State fiscal year, the State will utilize the next calendar year's outpatient hospital payment data for each hospital.

b. OUTPATIENT SUPPLEMENTAL PAYMENTS FOR PRIVATE HOSPITALS. Subject to the provisions of this section, eligible providers of Medicaid outpatient hospital services shall receive a supplemental payment each state fiscal year. Eligible providers are private hospitals with emergency departments, and private hospitals that are categorized as “rehabilitation” or “psychiatric” as provided in section II.C. of the “Application for Hospital Licenses and Annual Report – 2007” by the Bureau of Facility Standards of the Department of Health and Welfare.

The supplemental payments are intended to be used to improve access to health care. The payments made to these facilities will be based on the aggregate difference in the actual amount paid by the Medicaid program and the amount that would have been paid under Medicare payment principles.

Distributed supplemental payments will be made once each State fiscal year and will be calculated based on a previous cost reporting year’s Medicaid payment and cost data. The computation of the Medicaid UPL will utilize cost data derived from Worksheet D, Part V, Line 202 of the Medicare Form 2552.

Beginning with State fiscal year 2022, the Medicaid Upper Payment Limit (UPL) will be computed using Medicare cost finding principles based on the latest cost report available at the time of the calculation for each hospital. This information will be inflated, via the Market Basket Index, to the midpoint of the state fiscal year.

Supplemental payments made to private hospitals are governed by Idaho Code 56-1401 passed in the 2008 Legislative session. Supplemental payments made to the private hospitals that provide outpatient hospital services will be distributed to all hospitals within that group based on a hospital’s percentage of Medicaid outpatient hospital payments to total Medicaid outpatient hospital payments made within the group. The State fiscal year 2022 supplemental payments will be distributed based on the outpatient hospital payments to each hospital in calendar year 2020. This data is derived from the State’s Medicaid Management Information System (MMIS). Payments shall not exceed the Medicaid upper limits for private hospital payments for the year in which supplemental payments are made. The Medicaid upper payment limit analysis will be performed prior to making the supplemental payments. For each succeeding State fiscal year, the State will utilize the next calendar year’s outpatient hospital payment data for each hospital.