

## **Table of Contents**

**State/Territory Name: IN**

**State Plan Amendment (SPA) #: 24-0006**

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

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**Financial Management Group**

January 14, 2025

Mitch Roob, Acting Medicaid Director  
Family Social Services Administration  
402 West Washington, Room W461  
Indianapolis, IN 46204

RE: TN 24-0006

Dear Mr. Steinmetz:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Indiana state plan amendment (SPA) to Attachment 4.19-A IN 24-0006, which was submitted to CMS on November 20, 2024. This plan amendment equalizes rates for certain hospitals.

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, 2025. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any questions, please contact Fredrick Sebree at [Fredrick.sebree@cms.hhs.gov](mailto:Fredrick.sebree@cms.hhs.gov).

Sincerely,



Rory Howe  
Director

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 4 — 0 0 0 6

2. STATE

I N

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

January 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 438.4(b)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 ~~\$470,000~~ 1,400,000  
b. FFY 2026 \$ 1,890,000

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19 A page 1G.1  
Attachment 4.19 B page 2  
Attachment 4.19 B page 2.0a1

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 4.19 A page 1G.1  
Attachment 4.19 B page 2  
Attachment 4.19 B page 2.0a1

9. SUBJECT OF AMENDMENT

This SPA would equalize reimbursement rates for certain facility provider types for both fee-for-service (FFS) and managed care programs to ensure compliance with federal law.

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:

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME  
Cora Steinmetz

13. TITLE  
Medicaid Director

14. DATE SUBMITTED  
November 20, 2024

15. RETURN TO

Cora Steinmetz  
Medicaid Director  
Indiana Office of Medicaid Policy and Planning  
402 West Washington Street, Room W374  
Indianapolis, IN 46204  
Attn: Madison May-Gruthusen, Federal Relations Lead

**FOR CMS USE ONLY**

16. DATE RECEIVED  
11/20/2024

17. DATE APPROVED  
January 14, 2025

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
1/1/2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL  
Rory Howe

21. TITLE OF APPROVING OFFICIAL  
Director, FMG

22. REMARKS

12/25/2024 - State updated block 6 with correct 2025 budget impact

Special payment policies shall apply to less than twenty-four (24) hour stays. For less than twenty-four (24) hour stays, hospitals will be paid under the outpatient reimbursement methodology as described in Attachment 4.19B.

Out-of-state hospitals receive the same DRG and level-of-care payments that are made for the same service to in-state facilities computed in accordance with this plan. Each out-of-state hospital that submits an Indiana Medicaid hospital cost report will receive a cost-to-charge ratio. All other out-of-state facilities will use a statewide medical cost-to-charge ratio to determine applicable cost outlier payments, computed in accordance with the outlier provisions of this plan.

Effective July 1, 2023, through July 1, 2025, reimbursement for inpatient hospital services provided by a children's hospital located in a state bordering Indiana will be reimbursed at a rate that is 130% of the Medicaid reimbursement rate. The increase does not apply to the capital per-diem or the medical education per-diem (if applicable). To be eligible, the children's hospital must be located in Illinois, Kentucky, Michigan, or Ohio. Additionally, the children's hospital must be either:

- 1) A freestanding general acute care hospital that is designated by the Medicare program as a children's hospital or furnishes inpatient and outpatient health care services to patients who are predominantly individuals less than nineteen (19) years of age; or
- 2) A facility located within a freestanding general acute care hospital that is designated by the Medicare program as a children's hospital or furnishes inpatient and outpatient health care services to patients who are predominantly individuals less than nineteen (19) years of age.

Effective January 1, 2025, rates for out-of-state hospital services will be adjusted as follows:

- 1) The inpatient hospital DRG base amount will be adjusted by a factor of 1.284.
- 2) The inpatient non-enhanced burn level-of-care rate will be adjusted by a factor of .958.
- 3) The inpatient psychiatric level-of-care rate will be adjusted by a factor of 1.067.

Payments for services to an out-of-state provider will be negotiated on a case-by-case basis to obtain the lowest possible rate, not to exceed 100% of the provider's reasonable and customary charges, and may differ from the aforementioned out-of-state hospital reimbursement policy only when such payments are required because the services are not available in-state or are necessary due to unique medical circumstances requiring care that is available only from a limited number of qualified providers.

To be eligible for a facility-specific per diem medical education rate, out of state providers must be located in a city listed in 405 IAC 5-5-2(a)(3), effective July 25, 1997, through 405 IAC 5-5-2(a)(4), effective July 25, 1997, or have a

Fee Schedule Rates for Free Standing Clinic Services, Ambulatory Surgical Centers, and Outpatient Hospital Services are the same for governmental and private providers except as otherwise noted in the Plan. The agency's fee schedule rates were set on various dates and are in effect for services provided on or after April 1, 2010. All rates and effective dates are published on the agency's website at <https://www.in.gov/medicaid/>

### **CLINIC SERVICES**

#### FREE STANDING CLINIC SERVICES

Freestanding clinic services are reimbursed on a fee for service basis according to the Indiana Medicaid fee schedule rates. The rates paid to freestanding renal dialysis clinics for services provided on or after July 1, 2011 are subject to a 5% reduction. The 5% rate reduction will remain in effect through December 31, 2013. Effective January 1, 2025, rates for freestanding renal dialysis clinics will be adjusted by a factor of 1.01.

#### AMBULATORY SURGICAL CENTERS

As applicable, services provided by free-standing Ambulatory Surgical Centers (ASC) are reimbursed in accordance with outpatient hospital services as described below. Effective January 1, 2025, rates for free-standing ASCs will be adjusted by a factor of 1.123.

#### COMMUNITY MENTAL HEALTH CENTERS

Services provided by a community mental health centers on or after August 1, 2017 that are enrolled qualified clinics approved by the state shall be reimbursed by the Medicaid RBRVS fee schedule, or percentage thereof, of the practitioner employed or contracted with the clinic. Except as otherwise noted in the plan, the rates are the same for both governmental and private community mental health centers. All rates are published at <https://www.in.gov/medicaid/>

#### UPPER PAYMENT LIMIT DEMONSTRATION

Federal regulations (42 CFR §447.321) require that the payment system not pay more for clinic services than a reasonable estimate of what Medicare would pay for Medicaid equivalent services.

### **OUTPATIENT HOSPITAL SERVICES**

The reimbursement methodology for all covered outpatient hospital services shall be subject to the lower of the submitted charges for the procedure or the established fee schedule allowance for the procedure as provided in this section. Services shall be billed in accordance with provider manuals and update bulletins.

(a) Reimbursement for outpatient surgical procedures performed in a hospital or provider-based ambulatory surgical center will be based on the Indiana Medicaid statewide allowed amounts for that service. Surgical procedures shall be classified into a group corresponding to the Medicare ambulatory surgical center (ASC) methodology and shall be paid a rate established for each ASC payment group. The Office of Medicaid Policy and Planning will classify outpatient surgical procedures not classified into an ASC group by Medicare into one of the nine (9) ASC groups designated by Medicare, or additional payment groups.

(b) Payments for provider-based emergent care that do not include surgery and that are provided in an emergency department, treatment room, observation room, or clinic will be based on the 2003 statewide fee schedule amounts for services provided on or after April 1, 2004.

(c) Payments for provider-based non-emergent care that do not include surgery and that are provided in an emergency department, treatment room, observation room, or clinic will be based on the 2003 statewide fee schedule amounts for services provided on or after April 1, 2004.

(d) The fixed fees for laboratory procedures are based on the Medicare fee schedule amounts and are paid on a per test basis. The fee schedule rate for each laboratory procedure does not exceed the current Medicare fee schedule amount. Reimbursement for the technical component of radiology procedures shall be based on the Indiana Medicaid physician fee schedule amounts for the technical component of radiology services.

(e) Reimbursement allowances for all outpatient hospital procedures not addressed elsewhere in this section, for example, therapies, testing, etc., will be based on the 2003 Indiana Medicaid statewide fee schedule amounts for services provided on or after April 1, 2004.

(t) Payments will not be made for outpatient hospital services occurring within three (3) calendar days preceding an inpatient admission for the same or related diagnosis. The office may exclude certain services or categories of service from this requirement. Such exclusions will be described in provider manuals and update bulletins.

The established rates for hospital outpatient reimbursement shall be reviewed annually by the Office of Medicaid Policy and Planning and adjusted no more frequently than every second year and in accordance with this section to ensure that revisions contain appropriate incentives for provision of primary and preventive care.

**Outpatient Hospital Services (cont.)****A. Skin Substitutes**

Covered skin substitutes provided on or after November 1, 2016, shall be reimbursed in accordance with this section.

Reimbursement for skin substitutes is equal to the lower of the provider's submitted charges, not to exceed the provider's usual and customary charges, or the Medicaid allowable amount. The Medicaid allowable amount is a single reimbursement rate applicable to all covered skin substitutes. The reimbursement rate is calculated based on claims and cost report data to determine the average cost for covered skin substitutes.

Except as otherwise noted in the state plan, the state-developed fee schedule rate for these services is the same for both governmental and private providers. The agency's fee schedule rate is published on the agency's website at <https://www.in.gov/medicaid/>

**B. Children's Hospitals**

Effective July 1, 2023, through July 1, 2025, reimbursement for outpatient hospital services provided by a children's hospital located in a state bordering Indiana will be reimbursed at a rate that is 130% of the Medicaid reimbursement rate. To be eligible, the children's hospital must be located in Illinois, Kentucky, Michigan, or Ohio. Additionally, the children's hospital must be either:

- 1) A freestanding general acute care hospital that is designated by the Medicare program as a children's hospital or furnishes inpatient and outpatient health care services to patients who are predominantly individuals less than nineteen (19) years of age; or
- 2) A facility located within a freestanding general acute care hospital that is designated by the Medicare program as a children's hospital or furnishes inpatient and outpatient health care services to patients who are predominantly individuals less than nineteen (19) years of age.

**C. Out-of-State Hospitals**

Effective January 1, 2025, reimbursement for outpatient hospital services provided by an out-of-state children's hospital that meets the criteria in section B above will be adjusted by a factor of 1.006. Effective January 1, 2025, reimbursement for outpatient hospital services provided by all other out-of-state hospitals will be adjusted by a factor of 1.032.

**Rehabilitation Facility and Outpatient Mental Health Clinic Services**

Effective January 1, 2025, the fee schedule rates for rehabilitation facility services will be adjusted by a factor of 1.075. Effective January 1, 2025, the fee schedule rates for outpatient mental health clinic services will be adjusted by a factor of 1.088.