

## **Table of Contents**

**State/Territory Name: Maine**

**State Plan Amendment (SPA) #: 21-0004-A**

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



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**Financial Management Group**

May 3, 2022

Michelle Probert, Director  
Maine Department of Health and Human Services  
MaineCare Services  
Policy Division  
11 State House Station  
Augusta, Maine 04333-0011

RE: State Plan Amendment (SPA) ME-21-0004-A

Dear Director Probert:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 21-0004-A. Effective October 1, 2021, this amendment sets a new rate exception for Southern Maine Health Care, updates the supplemental payment pool for inpatient hospital services, and updates a supplemental payment pool for certain other hospital classes.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 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 ME-21-0004-A is approved effective October 1, 2021. The CMS-179 and the plan pages are attached.

If you have any additional questions or need further assistance, please contact James Francis at [james.francis@cms.hhs.gov](mailto:james.francis@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  
**21 - 0004A**

2. STATE  
**Maine**

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  
**October 1, 2021**

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 447.205**

7. FEDERAL BUDGET IMPACT  
a. FFY **2022** \$ **\$8,540,350**  
b. FFY **2023** \$ **\$8,535,458**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
**Attachment 4.19-A Pages 4, 7 and 8.**

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (if Applicable)  
**Attachment 4.19-A Pages 4, 7 and 8.**

10. SUBJECT OF AMENDMENT  
**Amends IP supplemental payments and inpatient psychiatric discharge rate for Southern Maine Health Care**

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME

**Michelle Probert**

14. TITLE

**Director, MaineCare Services**

15. DATE SUBMITTED

**November 10, 2021**

16. RETURN TO

**Michelle Probert  
Director, MaineCare Services  
#11 State House Station  
109 Capitol Street  
Augusta, Maine 04333-0011**

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED  
**11/10/2021**

18. DATE APPROVED  
**May 3, 2022**

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL  
**10/01/2021**

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME

**Rory Howe**

22. TITLE

**Director, Financial Management Group**

23. REMARKS

## Inpatient Hospital Services Detailed Description of Reimbursement

Page 4

B-5 MaineCare Member Days Awaiting Placement {PAP} at a Nursing Facility (NF)

Effective October 1, 2019 the Department will reimburse hospitals other than critical access hospitals for each day after the tenth (10th) day that a MaineCare eligible individual is in the care of the hospital while awaiting placement in a NF. The Department will reimburse at the statewide average rate per MaineCare member day for NF services. The statewide average rate will be computed based on the simple average NF rate per MaineCare member day for the applicable state fiscal year or years prorated for the hospital's fiscal year. Reimbursement for days awaiting placement pursuant to this section is limited to a maximum of \$500,000 of combined state General Fund and federal funds for each year. The Department will reimburse quarterly by order of claim date. In the event the cap is expected to be exceeded in any quarter, reimbursement for claims in that quarter will be paid out proportionately, and a notification of total funds expended for that year will be sent out to providers. This section is repealed December 31, 2023

**C ACUTE CARE NON-CRITICAL ACCESS HOSPITALS\_**C-1 Department 's Inpatient Obligation to the Hospital

The Department of Health and Human Services' total annual obligation to a hospital will be the sum of MaineCare's obligation for the following: inpatient services + inpatient capital costs + inpatient hospital based physician costs+ graduate medical education costs+ Disproportionate Share Payments (for eligible hospitals) and supplemental pool reimbursements+ until July 1 2011, days awaiting placement.

**A. Inpatient Services** (not including distinct psychiatric or substances abuse unit discharges)

The Department pays using DRG-based discharge rates, which include estimated capital and medical education costs (see Appendix for full description). As explained in the Appendix, the payment is comprised of three components: the capital expense and graduate medical education components both of which will be subject to interim and final cost settlement, and the DRG direct rate component which will not be cost settled.

**B. Distinct Psychiatric Unit**

MaineCare pays a distinct psychiatric unit discharge rate equal to \$6,438.72, except for (1) Northern Maine Medical's distinct psychiatric discharge unit rate will be \$15,679.94, and (2) effective July 1, 2013, hospitals in the Lewiston-Auburn area will receive \$9,128.31 per psychiatric discharge for members under 18 years of age, and (3) effective October 1, 2021, Southern Maine Health Care's distinct psychiatric discharge unit rate will be \$10,166.00. MaineCare will only reimburse at the distinct unit psychiatric rate when the member has spent the majority of his or her stay in the distinct unit. MaineCare will only reimburse for one (1) discharge for a single hospital for one episode of care.

Distinct psychiatric unit discharge rates will not be adjusted annually for inflation.

The Department will reimburse hospitals based on UB-04 and/or CMS 1500 billing forms. This payment is not subject to cost settlement.

**C. Distinct Substance Abuse Unit**

Effective April 1, 2013 MaineCare will pay a distinct substance abuse unit discharge rate equal to \$4,898. MaineCare will only reimburse at the distinct unit substance abuse rate when the member has spent the majority of his or her stay in the distinct unit. MaineCare will only reimburse for one (1) discharge for a single hospital for one (1) episode of care.

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Inpatient Hospital Services Detailed Description of Reimbursement


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The Department of Health and Human Services' total annual inpatient obligation to the hospitals will be the sum of MaineCare's obligation of the following: inpatient services+ days awaiting placement+ hospital based physician + direct graduate medical education costs. Third party liability payments are subtracted from the obligation.

These computed amounts are calculated as described below:

A. Inpatient Services

109% of the total MaineCare inpatient operating costs from the most recent interim cost-settled report issued by the Department, inflated to the current state fiscal year. Additionally, a supplemental pool will be allocated on the basis of the hospital's relative share of Medicaid payments for private critical access hospitals only, not those hospitals reclassified to a wage area outside Maine by the Medicare Geographic Classification Review Board or public hospitals. Effective November 14, 2019 the amount will be \$5,613,061. Effective November 14, 2020 the amount will increase to \$5,672,482. Effective November 10, 2021 the amount will increase to \$6,980,970.

The relative share is defined as:

$$\frac{\text{total Medicaid payments to CAH hospital} \times \text{pool amount}}{\text{total Medicaid payments to all CAI-I hospitals}}$$

B. MaineCare Member Days Awaiting Placement (OAP) at a Nursing Facility (NF)

Reimbursement will be made prospectively at the estimated statewide average rate per member day for NF services. The Department shall adopt the prospective statewide average rates per member day for NF services that are specified in the 4.19D Principles of Reimbursement for Nursing Facilities. The average statewide rate per member day shall be computed based on the simple average of the NF rate per member day for the applicable State fiscal year(s) and prorated for a hospital's fiscal year.

C. 100% of MaineCare's share of inpatient hospital based physician costs + MaineCare's share of graduate medical education costs.

E-2 Prospective Interim Payment (PIP)

The estimated departmental annual inpatient obligation, described above, will be calculated using the most recent MaineCare Supplemental Data Form increased by the rate of inflation to the beginning of the current state fiscal year. Third party liability payments are subtracted from the PIP obligation. The PIP payment does not include DSH payments or the hospital's share of the supplemental pool as described below.

Interim Adjustment

The State would expect to initiate an interim adjustment under very limited circumstances, including but not limited to, restructuring payment methodology as reflected in the state plan amendment; when a hospital "changes" categories (e.g. becomes designated critical access);

if and when a new population group was made eligible for MaineCare (e.g., the State is contemplating an eligibility expansion to include higher income parents); or a hospital closes or opens and there is a redistribution of patients among facilities.

E-4 Interim Settlement

The Department of Health and Human Services' interim settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data sources used will be the hospital's as filed cost report and MaineCare paid claims history for the year for which reconciliation is being performed.

E-5 Final Settlement

The Department of Health and Human Services' final settlement with a hospital is calculated using the same methodology as is used when calculating the PIP, except that the data sources used will be the hospital's final cost report from the Medicare fiscal intermediary and MaineCare paid claims history for the year for which settlement is being performed.

F. **SUPPLEMENTAL POOL FOR NON CRITICAL ACCESS HOSPITALS, HOSPITALS RECLASSIFIED TO A WAGE AREA OUTSIDE MAINE AND REHABILITATION HOSPITALS**

The Department will allocate a supplemental pool for each state fiscal year among the privately owned and operated Acute Care Non-Critical Access hospitals, hospitals reclassified to a wage area outside Maine by the Medicare Geographic Classification Review Board and rehabilitation hospitals. Effective November 14, 2019 the total pool (inpatient and outpatient) shall equal \$80,575,379, up to \$42,481,159 will be allocated to inpatient services. Effective November 14, 2020 the total pool (inpatient and outpatient) shall equal \$80,914,112, up to \$42,819,892 will be allocated to inpatient services. Effective November 10, 2021 the total pool (inpatient and outpatient) shall equal \$90,701,615; up to \$52,607,395 will be allocated to inpatient services. Subject to compliance with all applicable federal rules and payment limits, including 42 CFR 447.271 and 42 CFR 447.272, the amount allocated to inpatient services will not exceed the allowable aggregate upper payment limits. The allocated inpatient pool amount will be distributed based on each hospital's relative share of inpatient MaineCare payments, defined as the hospital's inpatient MaineCare payment in the applicable state fiscal year, divided by inpatient MaineCare payments made to all privately owned and operated Acute Care Non-Critical Access hospitals, hospitals reclassified to a wage area outside Maine by the Medicare Geographic Classification Review Board, and rehabilitation hospitals; multiplied by the supplemental pool. For state fiscal years beginning on or after July 1, 2019 but before July 1, 2021, the hospital's taxable year is the hospital's fiscal year that ended during calendar year 2016.

Each hospital in the pool will receive its relative share of this supplemental payment. Supplemental payments will be distributed semiannually, in November and May. This pool will be decreased by the amount a hospital would have received if that hospital was in the pool when the total pool amount was set and subsequently becomes an approved critical access hospital. This supplemental pool payment is not subject to cost settlement.

G **PRIVATE PSYCHIATRIC HOSPITALS**

G-1 Department's Inpatient Obligation to the Hospitals

Private owned psychiatric hospitals will be paid weekly prospective interim payments based on the Department's estimate of the total annual obligation to the hospital. The