

## **Table of Contents**

**State/Territory Name: Maine**

**State Plan Amendment (SPA) #: 23-0023**

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**

November 27, 2023

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

RE: State Plan Amendment (SPA) ME-23-0023

Dear Director Probert:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State Plan submitted under transmittal number (TN) 23-0023. This amendment changes the reimbursement methodology for distinct psychiatric units and distinct substance use disorder (SUD) units to a per-diem rate calculated to result in reimbursement at 100% of the costs of such discharges in the aggregate across all hospitals with distinct psychiatric units and distinct SUD units, utilizing 2022 data, when adjusted for MS-DRG relative weights and Length of Stay factor. The amendment also adds a supplemental payment for certain distinct psychiatric units designated as "super rural," effective through June 30, 2025.

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-23-0023 is approved effective July 1, 2023. The CMS-179 and the plan pages are attached.

If you have any additional questions or need further assistance, please contact James Francis at 857-357-6378 or [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  
**23 0023**

2. STATE  
**Maine (ME)**

3. PROGRAM IDENTIFICATION: TITLE **XIX** OF THE  
SOCIAL SECURITY ACT

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

4. PROPOSED EFFECTIVE DATE  
**7/1/2023**

5. FEDERAL STATUTE/REGULATION CITATION  
**§1905(a)(1)**

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY **2023** \$ **3,316,932**  
b. FFY **2024** \$ **13,682,071**

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
**Attachment 4.19-a pages 1, 1(A), 2, 3, 4(b), 4(b)(1), and 16**

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable)  
**Attachment 4.19-a, Attachment 4.19-a pages 1, 1(A), 2, 3, 4(b), and 16**

9. SUBJECT OF AMENDMENT  
**Amending reimbursement for distinct psych and substance use disorder units.**

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

[Redacted Signature]

12. TYPED NAME

**Michelle Probert**

13. TITLE

**Director, MaineCare Services**

14. DATE SUBMITTED

September 29, 2023

15. RETURN TO

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

**FOR CMS USE ONLY**

16. DATE RECEIVED  
**9 / 29 / 2023**

17. DATE APPROVED  
**November 27, 2023**

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
**7 / 1 / 2023**

19. SIGNATURE OF APPROVING OFFICIAL

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL

**Rory Howe**

21. TITLE OF APPROVING OFFICIAL

**Director, Financial Management Group**

22. REMARKS

# STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Maine

Attachment 4.19-a

Page 1

## Inpatient Hospital Services Detailed Description of Reimbursement

### A **DEFINITIONS**

#### **Acute Care Critical Access Hospitals**

A hospital licensed by the Department as a critical access hospital that is being reimbursed as a critical access hospital by Medicare.

#### **Acute Care Non-Critical Access Hospitals**

A hospital licensed by the Department as an acute care hospital that is not being reimbursed as a critical access hospital by Medicare.

#### **Diagnosis Related Group (DRG)**

The classification of medical diagnoses for use in determining reimbursement as defined in the Medicare DRG system or as otherwise specified by the Department.

#### **Discharge**

Occurs when the member is formally released from the hospital, transferred from one hospital to another transferred to a distinct unit in the same hospital (distinct units include distinct rehabilitation psychiatric, and substance use disorder units), or dies in the hospital. For purposes of this Section, excluding Critical Access Hospitals, a member is not considered discharged if transferred to any different location or non-distinct unit in the same hospital, or readmitted to the same hospital on the same day, or stays less than 24 hours; or is readmitted to the same hospital within fourteen (14) days of an inpatient discharge within the same DRG, excluding complications or co-morbidity.

There are exceptions to the fourteen (14) day readmission protocol. The exceptions are as follows:

- a) Readmissions for individuals who are diagnosed with a mental health diagnosis described in the most current version of the American Psychiatric Association's Diagnostic and Statistical Manual (DSM);
- b) Readmissions for individual whose symptoms meet the American Society of Addiction Medicine (ASAM) Level 4 Criteria, as defined in the most recent edition of the ASAM Criteria: Treatment Criteria for Addictive, Substance-related, and Co-Occurring Conditions; and
- c) Readmissions for individual receiving inpatient maintenance chemotherapy treatment.

Effective July 1, 2011, for hospitals billing under DRG based methodology, transferring a member to a distinct rehabilitation unit within the same hospital for the same diagnosis will be considered a discharge.

Effective July 1, 2023, for hospitals billing under DRG based methodology, transferring a member to a distinct psychiatric or substance use disorder unit from a non-distinct unit within the same hospital will be considered a discharge.

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Maine

Attachment 4.19-a

Page 1(A)

### Inpatient Hospital Services Detailed Description of Reimbursement

#### **Distinct Psychiatric Unit**

A unit within an acute care non-critical access hospital that specializes in the delivery of inpatient psychiatric services. The unit must be reimbursed as a distinct psychiatric unit as a sub-provider on the Medicare cost report or must be comprised of beds reserved for use for involuntary commitments under the terms of a contract with the Department of Health and Human Services. The claim must also be distinguishable as representing a discharge from a distinct psychiatric unit on the MaineCare claims processing system.

#### **Distinct Rehabilitation Unit**

A unit within an acute care non-critical access hospital that specializes in the delivery of inpatient rehabilitation services. The unit must be reimbursed as a distinct rehabilitation unit as a sub-provider on the Medicare cost report. The claim must also be distinguishable as representing a discharge from a distinct rehabilitation unit on the MaineCare claims processing system.

#### **Distinct Substance Abuse Unit**

A unit that combines the medical management of withdrawal with a structured inpatient rehabilitation program. Services include coordinated group education and psychotherapy, individual psychotherapy and family counseling as needed. Licensed Alcohol and Drug Abuse Counselors (LADCs) assist medical staff in developing an interdisciplinary plan of care. Evidence-based best practices, such as motivational interviewing are used by staff who are trained in substance abuse treatment. The claim must also be distinguishable as representing a discharge from a distinct substance abuse unit in the MaineCare claims processing system. This label is not a Medicare designation.

#### **From Date**

The earliest date the hospital provides care to the member during an inpatient stay including up to one (1) day preceding a member's admission to a distinct unit, or three (3) days preceding a member's admission to a medical unit. This date is indicated on the UB-04 Claim Form in Field Locator 6 under statement covers period.

#### **MaineCare Paid Claims History**

A summary of all claims billed by the hospital to MaineCare for MaineCare eligible members that have been processed and accepted for payment by MaineCare. A record of these claims is kept in the Department's claim processing system.

#### **Medicare Severity Diagnosis-Related Group (MS-DRG)**

The classification of medical diagnoses which adds patient's severity of illness and risk of mortality for use in determining reimbursement as defined in the Medicare DRG system or as otherwise specified by the Department.

#### **Non-rural Hospital**

is a private acute care non-critical access hospital that does not meet the definition of a "Rural Hospital" as defined in Maine regulation.

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Maine

Attachment 4.19-a

Page 2

### Inpatient Hospital Services Detailed Description of Reimbursement

#### **Private Psychiatric Hospital**

A hospital that is primarily engaged in providing psychiatric services for the diagnosis, treatment and care of persons with mental illness and is not owned and operated by the State of Maine. The facility must be licensed as a psychiatric hospital by the Department of Health and Human Services (DHHS). A psychiatric hospital may also be known as an institution for mental disease.

#### **Prospective Interim Payment (PIP)**

The weekly (or quarterly in the case of state-owned psychiatric hospitals) payment made to a private hospital based on the estimated total annual Department obligation as calculated below. This payment may represent only a portion of the amount due the hospital; other lump sum payments may be made throughout the year. Such circumstances would include, but not be limited to, error correction and interim volume adjustments. For purposes of the PIP calculation, a MaineCare discharge for the most recently completed state fiscal year is one with a discharge date occurring within the state fiscal year and submitted prior to the time of calculation.

#### **Rehabilitation Hospital**

A hospital that provides an intensive rehabilitation program and is recognized as an Inpatient Rehabilitation Facility by Medicare.

#### **Rural Hospital**

is a private acute care non-critical access hospital that meets one of the following criteria:

- Is a "Sole Community Hospital" as designated by Medicare, and as reported on the hospital's Medicare Cost report; OR
- Is a "Medicare-Dependent Hospital" as designated by Medicare, and as report on the hospital's Medicare cost report: OR
- Is a participating hospital on the Medicare "Rural Community Hospital Demonstration", as reported on the hospital's Medicare cost report.

#### **State Owned Psychiatric Hospital**

A hospital that is primarily engaged in providing psychiatric services for the diagnosis, treatment and care of persons with mental illness and is owned and operated by the State of Maine. The facility must be licensed as a psychiatric hospital by the Department of Health and Human Services. A psychiatric hospital may also be known as an institution for mental disease.

#### **Transfer**

A member is considered transferred if moved from one hospital to the care of another hospital. MaineCare will not reimburse for more than two discharges for each episode of care for a member transferring between multiple hospitals.

# STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Maine

Attachment 4.19-a

Page 3

## Inpatient Hospital Services Detailed Description of Reimbursement

### **B GENERAL PROVISIONS**

#### B-1 Inflation

For purposes of determining inflation, unless otherwise specified, the economic trend factor from the most recent edition of the "Health Care Cost Review" from IHS Markit shall be used.

#### B-2 Third Party Liability (TPL)

Any MaineCare claim submitted by a hospital may only be withdrawn within 120 days.

#### B-3 Interim and Final Settlement

At interim and final settlements, the hospital will reimburse the Department for any overpayments; or the Department will reimburse the amount of any underpayment to the hospital. In either case, the lump sum payment must be made within 30 days of the date of the letter notifying the provider of the results of the interim or final settlement. If more than one year's reconciliation or settlement is completed in the same proceeding, the net amount must be paid. If no payment is received within thirty (30) days, the Department may offset prospective interim payments. Any caps imposed on PIP payments are not applicable to the determination of settlement amounts.

For hospital fiscal years beginning July 1, 2011, interim settlement will be performed within twelve (12) months of receipt of the Medicare Interim Cost Settlement Report with the Department, and final settlement will be performed within twelve (12) months of receipt of the Medicare Final Cost Settlement Report by the Department. If the Medicare Final Cost Settlement Report has been received by the Department prior to the issuance of the Interim Cost Settlement Report, the Department will issue only a Final Cost Settlement Report.

Hospitals are required to file with the DHHS, Division of Audit a year-end cost report within five months from their fiscal year end. The cost report filing consists of: CMS Form 2552 or its equivalent, audited financial statements, and any other related documentation as requested by the DHHS-Division of Audit. The cost report must include applicable MaineCare utilization and a calculated balance due to/from MaineCare.

#### B-4 Long-Acting Reversible Contraceptives

MaineCare will separately reimburse for Long-Acting Reversible Contraceptives (LARCs), in addition to the hospital DRG reimbursement, if the device is placed immediately postpartum in the inpatient setting.

The State agency will apply the payment rate as described in Supplement 1 to Attachment 4.19-B, page 1 -a (5) of the Maine Medicaid State Plan.

**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 and Distinct Substance Use Disorder Unit**

Effective July 1, 2023, the Department will pay distinct psychiatric unit and distinct substance use disorder (SUD) units as outlined below. This reimbursement methodology shall apply for members whose From Date is on or after July 1, 2023. The methodology shall be as follows:

**(1) Payment Rate for Distinct Psychiatric Units and Distinct Substance Use Disorder Units**

- (a) The Department has adopted the Medicare MS-DRG and Length of Stay factors as specified in the distinct psychiatric unit and distinct SUD unit reimbursement schedule which is posted on the Department's [website](#). Per diem base rates were calculated to result in total reimbursement equal to one hundred percent (100%) of the costs of such discharges in the aggregate across all hospitals with distinct psychiatric units and distinct SUD units, utilizing 2022 data, when adjusted for MS-DRG relative weights and Length of Stay factor. The Medicare Length of Stay factor is a cumulative factor that takes into account how many days the patient stays in the distinct unit.



- (b) The Department will calculate reimbursement for covered inpatient stays in these distinct units using the following formula:

Per diem base rate (determined by whether the MS-DRG is a psychiatric or SUD MS-DRG) multiplied by the applicable MS-DRG relative weight multiplied by the applicable Length of Stay factor

- (c) Per diem base rates for psychiatric MS-DRGs differ for adults aged nineteen (19) and older and youth aged eighteen (18) and younger, reflecting the significant difference in average costs observed in hospitals' 2021 and 2022 cost report data for these populations. The per diem base rate for SUD MS-DRGs will remain consistent regardless of member's age.
- (d) Per diem base rates will be updated annually based on the inflation provision and are posted on the MaineCare Provider Fee Schedule, in accordance with 22 MRSA Section 3173-J.
- (e) DRG and outlier methodology as described in the Appendix does not apply to claims from these distinct units.

**(2) Supplemental Payment for Certain Distinct Psychiatric Units**

Hospitals that have distinct psychiatric units, are located in zip codes that CMS designates as "super rural," meaning they are in the bottom quartile of nonmetropolitan zip codes by population density, and also have a designation by the Health Resources and Services Administration (HRSA) as a High Needs Geographic Health Professional Shortage Area (HPSA) for mental health are eligible to receive a yearly supplemental payment in the amount of eight hundred and seventy-five thousand dollars \$875,000. This supplemental payment will be distributed in equal payments in May and November. This supplemental payment is not subject to cost settlement. The supplemental payment will expire on June 30, 2025.

**(3) Cost Settlement**

Claims paid under this methodology do not include graduate medical education costs, and will not be subject to cost settlement, with the exception of capital costs incurred prior to July 1, 2025.

**C. Inpatient Hospital Based Physician**

Non-rural Hospitals:

MaineCare will reimburse 93.3% of its share of inpatient hospital-based physician costs.

Rural Hospitals:

MaineCare will reimburse 100% of its share of inpatient hospital-based physician costs. MaineCare will reimburse 100% of graduate medical education costs.

## a. Normalization

The resulting weights for all DRGs are then normalized to result in a weighted average case mix of 1.0. This is done by calculating the preliminary case mix index (CMI) for all applicable claims (for example 1.25) and then multiplying each individual case weight by the inverse of this global CMI (in this example equal to 0.8).

**VIII. Transfer to a Distinct Rehabilitation Unit in the Same Hospital**

Effective July 1, 2023, notwithstanding the definition of a discharge above, a hospital may bill for two distinct episodes of care for a patient who is transferred between an acute care unit and a distinct rehabilitation unit, psychiatric, or substance use disorder unit in the same hospital. For a patient transferred to a distinct rehabilitation unit, the Department will reimburse the hospital one DRG-based discharge rate for the episode of acute care and one for the rehabilitation episode of care. For a patient transferred to a distinct psychiatric or substance use disorder unit, the Department will reimburse the hospital one DRG-based discharge rate for the episode of acute care and one payment rate for Distinct Psychiatric Units and one payment rate for Distinct Substance Use Disorder Units for the distinct unit episode of care.

**IX. Outlier Adjustment Calculation**

An outlier payment adjustment is made to the rate when an unusually high level of resources has been used for a case. An outlier payment is triggered when the result of the following equation is greater than zero:

(charges multiplied by the hospital-specific cost to charge ratio)

minus the outlier threshold minus DRG-based discharge rate

The payment is equal to 80% of the resulting value.

The outlier threshold is equal to the value that ensures that 5% of payments related to DRG-based discharge rates are outlier adjustment payments.

In no instance is a reduction made to the rates for cases with unusually low costs or charges.