

Table of Contents State/Territory Name: ME

State Plan Amendment (SPA): ME-24-0017-B

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
Center for Medicaid & CHIP Services
230 South Dearborn
Chicago, Illinois 60604



Financial Management Group

December 19, 2024

Michelle Probert, Director Office of MaineCare Services
Department of Health and Human Services
109 Capitol Street
11 State House Station
Augusta, Maine 04333-0011

RE: TN 24-0017-B

Dear Director Probert:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Maine state plan amendment (SPA) to Attachment 4.19-B ME-24-0017-B, which was submitted to CMS on September 30, 2024. This plan amendment updates the payment methodology for outpatient hospital services.

We reviewed your SPA submission for compliance with statutory requirements including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 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 July 1, 2024. 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 Blake Holt at 303-844-6218 or via email at blake.holt@cms.hhs.gov.

Sincerely,

A black rectangular box redacting the signature of Todd McMillion.

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER

24 0017B

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

7/01/2024

5. FEDERAL STATUTE/REGULATION CITATION

§1905(a)(2)(B)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY **2024** \$ see 24-0017A **\$13,525,763**

b. FFY **2025** \$ see 24-0017A **\$53,823,436**

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

**Attachment 4.19-B Pages 1(e), 1(f), 1(g), 1(g)(1), 1(i)
(d), 1(i)(c), and 1k**

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

**Attachment 4.19-B Pages 1e, 1(f), 1(g), 1(i),
1(i)(a), 1(i)(d), 1(i)(c), and 1k**

9. SUBJECT OF AMENDMENT

Amends Outpatient Hospital Reimbursement

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

Michelle Probert

13. TITLE

Director, MaineCare Services

14. DATE SUBMITTED

September 30, 2024

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

September 30, 2024

17. DATE APPROVED

December 19, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

July 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Todd McMillion

21. TITLE OF APPROVING OFFICIAL

Director, Division of Reimbursement Review

22. REMARKS

12/16/24: State concurs with pen and ink changes to Box 7. Note pages 1(i) and 1(i)(a) are being deleted from the plan.

12/18/24: State concurs with pen and ink change to Box 6.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Maine

Attachment 4.19B

Page 1(e)

Outpatient Hospital Services Detailed Description of Reimbursement

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 Hospitals Converting from Acute Care Critical Access Hospital Reimbursement to Acute Care Non-Critical Access Hospital Reimbursement

A hospital that was, as of January 1, 2024, reimbursed for inpatient and outpatient services by Medicare as a Non-Critical Access Hospital and was reimbursed by MaineCare like a Critical Access Hospital, and effective July 1, 2024 will be reimbursed by MaineCare as an Acute Care Non-Critical Access Hospital.

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. Includes Acute Care Hospitals converting from Acute Care Critical Access Hospital reimbursement to Acute Care Non-Critical Access Hospital reimbursement.

MaineCare Paid Claim 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.

Non-rural Hospital

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

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 privately owned. 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 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.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: Maine

Attachment 4.19B

Page 1(f)

Outpatient Hospital Services Detailed Description of Reimbursement

Rural Hospital

An acute care non-critical access hospital that meets one of the following criteria:

- 1) Is a "Sole Community Hospital" as designated by Medicare, and as reported on the hospital's Medicare cost report: OR
- 2) Is a "Medicare-Dependent Hospital" as designated by Medicare, and as reported on the hospital's Medicare cost report: OR
- 3) 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 (DHHS). A psychiatric hospital may also be known as an institution for mental disease (IMD).

GENERAL PROVISIONS

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 Global Insight shall be used.

Upper Payment Limits (UPL)

Reimbursement is subject to applicable CMS Upper Payment Limits (UPL).

If the Department or CMS determine MaineCare payments exceed the UPL, the Department shall limit payments accordingly to ensure compliance with the applicable UPL, after providing written prior notice to hospitals.

Outpatient Hospital Services Detailed Description of ReimbursementInterim and Final Settlement

At interim and final settlement, the hospital will reimburse the Department for any excess payments; 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 interim or final settlement is completed in the same proceeding, the net amount must be paid. Any caps imposed on PIP payments are not applicable to the determination of settlement amounts.

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.

ACUTE CARE NON-CRITICAL ACCESS HOSPITALS (including rehabilitation hospitals)

1. APC Payment Effective July 1, 2024, the Department will reimburse Acute Care Non- Critical Access Hospitals for covered outpatient services, including ancillary services such as laboratory and imaging services, but not hospital- based physician services, at one hundred and nine percent (109%) of the adjusted Medicare APC rates, where the APC is applicable, unless otherwise specified. This percentage is determined by using utilization and cost data from hospital fiscal year 2022 As-Filed Medicare Cost Reports and is calculated to maximize reimbursement under the UPL with a small margin of error. APC payments are made when the member receives services in an emergency room, clinic or other outpatient setting, or if the outpatient is transferred to another hospital or facility that is not affiliated with the initial hospital where the patient received the outpatient services. If the outpatient is admitted from a hospital's clinic or emergency department, to the same hospital as an inpatient, the hospital shall be paid only a DRG-based discharge rate and will not receive an APC payment.

An outlier payment adjustment is made to the rate when an unusually high level of resources has been used for a case. Calculations for outlier payments will follow Medicare rules and be paid at 109% of the Medicare payment.

a. Fee Schedule Payments

Effective July 1, 2012, a limited number of Current Procedural Terminology (CPT) codes do not have associated Medicare APC rates, as listed in Addendum B (see: <https://www.cms.gov/medicare/medicare-fee-for-service-payment/hospitaloutpatientpps/addendum-a-and-addendum-b-updates.html>). MaineCare covers certain services listed in Addendum B and pays for these services based on a fee schedule (see: <https://mainecare.maine.gov/Provider%20Fee%20Schedules/Forms/Publication.aspx>)

Hospital-based Physician

Non-rural hospitals:

- 93.4% of its share of outpatient emergency room hospital-based physician costs, and
- 83.8% of non-emergency room outpatient hospital-based physician costs.

Rural hospitals and Acute Care Hospitals converting from Acute Care Critical Access Hospital reimbursement to Acute Care Non- Critical Access Hospital reimbursement:

- 100% of its share of outpatient emergency room hospital-based physician costs, and
- 100% of non-emergency room outpatient hospital-based physician costs.

Outpatient Hospital Services Detailed Description of Reimbursement

2. Cost Settlement -

APC payments will not be cost settled.

Effective for SFY 2025 and forward cost settlement will include settlement of:

- Payments made for hospital-based physician services

a. 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 source used will be in MaineCare paid claims history as measured by the Department. Other calculations will be based on the hospital's as-filed cost report and MaineCare paid claims history for the year for which reconciliation is being performed. Interim settlements will be issued within one year from when the hospital's as-filed Medicare cost report is received.

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 source used will be in MaineCare paid claims history as measured by the Department. Other calculations will be based on the hospital's final cost report from the Medicare fiscal intermediary and MaineCare paid claims history for the year for which reconciliation is being performed. Final settlements will be issued within one year from when the hospital's final Medicare cost report is received.

3. Hospital Outpatient Provider-Based Departments (PBDs)

Effective August 4, 2024, items and/or services that are furnished by an off-campus hospital outpatient provider based department (PBDs) will be reimbursed at a reduced rate, proportionate to the reimbursement described in the annual CMS OPPI/ASC final rule.

ACUTE CARE CRITICAL ACCESS HOSPITALS, PRIVATE PSYCHIATRIC HOSPITALS, STATE OWNED PSYCHIATRIC HOSPITALS,

A Hospital approved by the Department for conversion to an Acute Care Critical Access Hospital must submit cost report data to determine the hospital's PIP estimate prior to the effective date of the facility's new status as an Acute Care Critical Access Hospital. The hospital must complete a Critical Access Hospital Cost Report, as published by the Division of Audit, for the fiscal year determined by the Department.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State : MAINE

Attachment 4.19-B

Page 1 (i)(d)

Outpatient Hospital Services Detailed Description of Reimbursement

Department's Outpatient Obligation to the Acute Care Critical Access Hospital

Effective July 1, 2009 this payment is capped at 109% of MaineCare outpatient costs.

MaineCare's share of hospital-based physician costs is reimbursed at 100% of costs. This includes emergency room and non-emergency room hospital-based physician costs and graduate medical education costs.

Prospective Interim Payment

The estimated Departmental total obligation will be calculated to determine the PIP payment using data from the fiscal year from the most recent as filed cost report available, inflated to the current state fiscal year.

Interim Volume Adjustment

The Department initiates an interim PIP adjustment under very limited circumstance, including but not limited to, restructuring payment methodology as reflected in a state plan amendment; when a hospital "changes" categories (e.g. becomes designated critical access); if and when a new population group is made eligible for MaineCare (e.g. the state is contemplating an eligibility expansion to include higher income parents); or a hospital opens or closes resulting in a redistribution of patients among facilities.

Preliminary 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.

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.

PRIVATELY OWNED PSYCHIATRIC HOSPITALS

The payment is capped at 117% of MaineCare outpatient costs inflated to the current state fiscal year using the most recent interim cost-settled report as issued by the Department.

STATE OWNED PSYCHIATRIC HOSPITALS

The Department of Health and Human Services' final obligation to a Hospital is 100% of MaineCare outpatient costs. Costs are determined from standard cost-to-charge ratios using data from the final cost report issued by the Medicare fiscal intermediary and MaineCare paid claims history as measured by the Department.

SUPPLEMENTAL POOL FOR NON CRITICAL ACCESS 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 \$38,094,220 will be allocated to outpatient services. Effective November 14, 2020 the total pool (inpatient and outpatient) shall equal \$80,914,112, up to \$38,094,220 will be allocated to outpatient services. Effective November 10, 2021 the total pool (inpatient and outpatient) shall equal \$90,701,615, up to \$38,094,220 will be allocated to outpatient services. Subject to compliance with all applicable federal rules and payment limits, including 42 CFR 447.321 the amount allocated to outpatient services, will not exceed the allowable aggregate upper payment limit. The allocated outpatient pool amount will be distributed based on each hospital's relative share of outpatient MaineCare payments, defined as the hospital's outpatient MaineCare payment in the applicable state fiscal year, divided by outpatient 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.

Effective July 1, 2024, hospitals reclassified to a wage area outside Maine by the Medicare Geographic Classification Review Board are no longer eligible for this payment.