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State/Territory Name: North Dakota

State Plan Amendment (SPA) #: 25-0019

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



Financial Management Group

October 1, 2026

Krista Fremming, Interim Director
Medical Services Division
ND Department of Health and Human Services
600 East Boulevard Avenue Dept 325
Bismarck ND 58505-0250

RE: TN 25-0019

Dear Director Fremming,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed North Dakota state plan amendment (SPA) to Attachment 4.19-A ND 25-0019, which was submitted to CMS on July 25, 2025. This plan amendment amends the state plan to implement an inflationary increase for Inpatient Hospital Services.

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 July 1, 2025. 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.

Sincerely,



Rory Howe
Director
Financial Management Group

Enclosures

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

1. TRANSMITTAL NUMBER

2 5 — 0 0 1 9

2. STATE

ND3. 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

July 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 440.10

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ 318,563b. FFY 2026 \$ 956,063

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A, pages 1 and 2

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19-A, pages 1 and 2 (TN 24-0009)

9. SUBJECT OF AMENDMENT

Amends the State Plan to implement an inflationary increase for Inpatient Hospital Services.

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

Sarah Aker

13. TITLE

Medical Services Director

14. DATE SUBMITTED

July 25, 2025

15. RETURN TO

Sarah Aker, Executive Director

Medical Services Division

ND Department of Health and Human Services

600 East Boulevard Avenue Dept 325

Bismarck ND 58505-0250

FOR CMS USE ONLY

16. DATE RECEIVED

July 25, 2025

17. DATE APPROVED

October 1, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

July 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director of Financial Management Group

22. REMARKS

METHOD FOR REIMBURSING INPATIENT HOSPITAL SERVICES

Except as otherwise noted, fee schedule rates are the same for both governmental and private providers of inpatient hospital services. The agency's fee schedules are effective July 1, 2025 and are effective for services provided on or after that date. Fee schedules are available at <https://www.hhs.nd.gov/healthcare/medicaid/provider/fee-schedules>

1. Hospitals paid using Prospective Payment System (PPS).
 - a. In-state hospital service reimbursement paid to all hospitals and distinct part units, except those hospitals and distinct part units specifically identified in Section 2, will be made on the basis of a Prospective Payment System (PPS). The system generally follows the Medicare PPS in terms of the application of the system. PPS uses diagnostic related groups (DRG) to pay for services upon discharge. Medical education costs are excluded from the PPS.
 - b. The base year used for the calculation of the base rate is the years ending December 31, 2019 and December 31, 2020. The base year used for the calculation of the capital rate is the year ending June 30, 2007. The base rate established for hospitals paid by PPS is effective July 1, 2022. The capital rate established for hospitals paid by PPS is effective July 1, 2009. The previous year's base rate and capital rate shall receive a one-time increase of two percent effective July 1, 2025.
 - c. Vacated.
 - d. Effective July 1, 2022 the DRG classification and grouper system is the All Patient Refined Diagnosis Related Grouper version 39.
 - e. Vacated
 - f. Vacated.
 - g. A capital payment will be included in the PPS payment for all discharges. Capital payments may not be paid to a transferring hospital.
 - h. Outlier Payments.
 - (1) A cost outlier payment is made when costs exceed a threshold of two times the DRG rate or \$60,000, whichever is greater. Costs above the threshold will be paid at 60 percent of billed charges.
 - (2) For DRG's 580-640 relating to neonates the cost outlier thresholds are the greater of 1.5 times the DRG rate or \$57,000. Costs above the threshold will be paid at 80 percent of billed charges.

- i. Transfers. Payment will be the full DRG payment, inclusive of outliers and capital, to the final hospital. Per diem payments will be made to the transferring hospitals. Total per diem payments to transferring hospitals may not exceed the full DRG payment, exclusive of outliers and capital. Per diem is the basic DRG payment divided by the arithmetic untrimmed average length of stay. A patient may be transferred to another hospital and then transferred back to the original hospital which becomes the final hospital, in such case, the original hospital will not receive per diem payments for the portion of the stay occurring prior to the transfer. The days of stay in the original hospital prior to the transfer out and back will be included as part of the calculation of the full DRG payment, inclusive of outliers and capital.
2. Payments for hospitals excluded from prospective payment system.
 - a. Excluded from hospitals paid using PPS are psychiatric, rehabilitation, cancer, long term care, and children's hospitals and psychiatric and rehabilitation distinct part units of hospitals, and hospitals designated as Critical Access Hospitals.
 - b. Payment for inpatient psychiatric and rehabilitation services are made using a prospective per diem rate. Effective July 1, 2009 the hospital or distinct part unit per diem rate is calculated based on the lesser of a maximum prospective per diem rate established for each type of service or the hospital's cost to provide the service based on the hospital cost report for the year ended June 30, 2007. The hospital's July 1, 2024 per diem rate shall receive a one-time increase of two percent effective July 1, 2025. The maximum prospective per diem rate effective July 1, 2009 is \$1,020.48 per day for psychiatric services and \$1,519.80 for rehabilitation services.
 - c. Effective July 1, 2009 inpatient services furnished by a hospital having an average inpatient length of stay greater than 25 days and designated a long-term care hospital by Medicare shall be paid on a prospective basis using a percentage of charges established using the hospital's most recent audited Medicare cost report available as of June 1 of each year. The percentage of charges as established shall be adjusted annually on July 1. The payment based on a percentage of charges is an all-inclusive rate and is not subject to cost settlement.
 - d. Payments to cancer and children's hospitals are made based on a reasonable cost basis, using the Medicare methods and standards set forth in 42 CFR 413. An interim payment rate based on the hospital's cost to charge ratio from the latest available cost report will be made until such time as a cost settlement is made. The interim cost to charge ratio for a hospital which has not filed a cost report shall be 70%.
 - e. Indian Health Hospitals are paid inpatient per diem rates in accordance with the most recently published Federal Register notice.
 - f. Effective July 1, 2007, payments to hospitals designated as Critical Access Hospitals shall be made based on reasonable costs using the Medicare methods and standards set forth in 42 CFR 413. An interim per diem payment rate shall be