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State/Territory Name: Ohio

State Plan Amendment (SPA) #: 20-0017

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Financial Management Group

October 2, 2020

Maureen Corcoran, Director
Ohio Department of Medicaid
50 West Town Street, Suite 400
Columbus, Ohio 43215

RE: Ohio State Plan Amendment (SPA) 20-0017

Dear Ms. Corcoran:

We have reviewed the proposed amendment to Attachments 4.19-A of your Medicaid State plan submitted under transmittal number 20-0017 titled " Inpatient Hospital Services: Cost Coverage Add-On Updates."

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. We have found that the proposed reimbursement methodology complies with applicable requirements and therefore have approved them with an effective date of July 1, 2020. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please contact Fredrick Sebree at Fredrick.sebree@cms.hhs.gov.

Sincerely,

[redacted]

For

Rory Howe
Acting Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER: **20-017**	2. STATE **OHIO**
	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 **July 1, 2020**	

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 Subpart C; 440.10	7. FEDERAL BUDGET IMPACT: a. FFY 2020 $0 b. FFY 2021 $0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A: Pages 1-29, 1-30, 1-31, 1-32	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*: Attachment 4.19-A: Pages 1-29, 1-30, 1-31, 1-32 (TN 19-028)

10. SUBJECT OF AMENDMENT: Payment for Services: Inpatient Hospital Services: Cost Coverage Add-On Updates

11. 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:
The State Medicaid Director is the Governor's designee

12. SIGNATURE OF STATE AGENCY OFFICIAL: [redacted]	16. RETURN TO: **Carolyn Humphrey** **Ohio Department of Medicaid** **P.O. BOX 182709** **Columbus, Ohio 43218**
13. TYPED NAME: **MAUREEN M. CORCORAN**	
14. TITLE: **STATE MEDICAID DIRECTOR**	
15. DATE SUBMITTED: July 20, 2020	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 7/20/2020	18. DATE APPROVED: 10/02/2020
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 7/1/2020	20. SI [redacted] For
21. TYPED NAME: Rory Howe	22. TITLE: Acting Director

23. REMARKS:

Instructions on Back

FORM CMS-179 (07-92)

VI. Hospital Cost Coverage Add-On

This section applies to all Ohio hospitals reimbursed under the inpatient prospective payment system as described in Attachment 4.19-A, section II, subsection (A) or reimbursed under non-DRG prospective payment as described in Attachment 4.19-A, section II, subsection (B). This section does not apply to the coordination of benefits calculation pertaining to beneficiaries eligible for both Medicare and Medicaid.

(A) Source Data for Calculations

The calculations used in determining the cost coverage add-on will be based on data provided by annual cost reports submitted to the department. The cost reports used will be the hospital's cost reporting year ending in the state fiscal year prior to the state fiscal year that ends immediately preceding the state fiscal year to which the cost coverage add-on applies.

(B) Cost Coverage Add-on Policy Pools

Appropriations authorized by the Ohio General Assembly each state fiscal year will be divided into the following inpatient policy pools:

(1) The inpatient cost coverage standard pool, which is the lesser of $259,229,112.31 or 36.38 percent of the appropriated funds.

(2) The cost coverage sustainability pool is ten percent of the sum of:

(a) The lesser of $233,000,000.00 or 32.70 percent of the appropriated funds; and

(b) The greater of 7.33 percent or the balance of the appropriated funds.

(3) Privately-owned, free-standing psychiatric hospitals as described in Attachment 4.19-A, section I, subsection (A)(2), will receive 1.86 percent of the amount which is described in subsection (B)(2)(b) of this section.

(4) General acute care hospitals that have a dedicated Psychiatric Emergency Department (PED) established prior to October 1, 2019 and do not receive payments as described in Attachment 4.19-B, Item 5-a will receive $4,750,000.00.

(C) Inpatient Cost Coverage

(1) Cost Coverage Standard Pool

(a) From the amount specified in subsection (B)(1) of this section, children's hospitals as defined in Attachment 4.19-A, section I, subsection (B), will be allocated $15,939,479.00, based on payments made to each children's hospital from funds specifically appropriated by Amended Substitute House Bill 49 of the 132nd Ohio General Assembly.

(b) From the amount specified in subsection (B)(1) of this section less the amount allocated in subsection (C)(1)(a) of this section, each hospital will be allocated an amount equal to the inpatient non-claims specific lump sum payments not resulting from payments described in Supplement 1 to Attachment 4.19-A, and Attachment 4.19-A, subsection (D).

(c) Any amounts in subsection (C)(1)(b) of this section allocated to a closed hospital are reallocated to the remaining hospitals based on the ratio of each hospital's allocation in subsection (C)(1)(b) of this section to the sum of the allocation for all remaining hospitals.

(d) For each hospital, sum the amounts allocated in subsections (C)(1)(a) to (C)(1)(c) of this section.

(2) Divide ten percent of the amount in subsection (B)(2) of this section by the total Medicaid discharges for all hospitals, then multiply the results by the number of total Medicaid discharges for each hospital.

(3) For privately owned freestanding psychiatric hospitals as described in subsection (B)(3) of this section, divide the amount described in subsection (B)(2)(b) of this section by the total Medicaid discharges for all freestanding psychiatric hospitals, then multiply the results by the number of total Medicaid discharges for each freestanding psychiatric hospital.

(4) For all hospitals with a PED, divide the amount described in subsection (B)(4) of this section by the total Medicaid discharges for all hospitals with a PED, then multiply the results by the number of Medicaid discharges for each hospital with a PED.

(D) Inpatient Cost Coverage Add-On Amount Per Discharge for Hospitals Subject to the Payment Methodology Under Attachment 4.19-A, Section II, Subsection (C)

(1) For each hospital, divide the sum of subsections (D)(1)(a) to (D)(1)(b) of this section by the total Medicaid discharges used in the inpatient case-mix calculation.

(a) The sum of subsections (C)(1) to (C)(4) of this section.

(b) Any outpatient amounts allocated under Attachment 4.19-B, Item 2-a, Section III, subsection (C) to a freestanding psychiatric hospital.

(2) For each hospital, divide the results in subsection (D)(1) of this section by the inpatient case-mix.

(3) The cost coverage add-on per discharge amount is equal to the amount calculated in subsection (D)(2) of this section, rounded to two decimal places.

(4) The amount calculated in subsections (D)(3) of this section will be added to the hospital's inpatient base rate as described in Attachment 4.19-A, Section II, subsection (A)(5).

(E) Inpatient Cost Coverage Add-On for Hospitals Subject to the Payment Methodology Under Attachment 4.19-A, Section II, subsection (B)

(1) For each hospital, calculate total inpatient payments by multiplying total Medicaid inpatient charges by the inpatient cost-to-charge ratio described under Attachment 4.19-A, Section II, subsection (B) calculated from the source data described in subsection (A) of this section.

(2) For each hospital, divide the amounts in subsection (E)(1) of this section by the total Medicaid inpatient costs.

(3) For each hospital, sum the total inpatient payments calculated in subsection (E)(1) of this section and the amounts distributed in subsection (C)(1) to (C)(4) of this section.

(4) For each hospital, divide the result in subsection (E)(3) of this section by the total Medicaid inpatient costs.

(5) For each hospital, calculate the inpatient cost coverage increase by subtracting the result in subsection (E)(2) of this section from the result in subsection (E)(4) of this section and dividing the result by subsection (E)(2) of this section, rounded to four decimal places.

(6) For each hospital, multiply the result in subsection (E)(5) of this section by the inpatient cost-to-charge ratio calculated in subsection (E)(1) of this section.

(7) Apply the amount calculated in subsection (E)(6) of this section as an increase to the hospital's inpatient cost-to-charge ratio.