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State/Territory Name: OH

State Plan Amendment (SPA) #: 23-0035

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

Financial Management Group

January 24, 2024

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

RE: Ohio State Plan Amendment (SPA) 23-0035

Dear Ms. Corcoran:

We have reviewed the proposed amendment to Attachments 4.19-A of your Medicaid State plan submitted under transmittal number 23-0035 titled "Payment for Services: Inpatient Hospital Services Cost Coverage Add-On."

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 January 1, 2024. 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,



Rory Howe
Director

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

1. TRANSMITTAL NUMBER

2 3 — 0 0 3 5

2. STATE

OH

3. 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

January 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION

42 CRF Part 447, Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024 \$ 0
b. FFY 2025 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A p.1-29
Attachment 4.19-A p.1-30
Attachment 4.19-A p.1-31

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 4.19-A p.1-29 (TN 20-017)
Attachment 4.19-A p.1-30 (TN 20-017)
Attachment 4.19-A p.1-31 (TN 20-017)

9. SUBJECT OF AMENDMENT

Payment for Services: Inpatient Hospital Services Cost Coverage Add-On

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:
The State Medicaid Director is the Governor's designee

11. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

12. TYPED NAME

MAUREEN M. CORCORAN

13. TITLE

STATE MEDICAID DIRECTOR

14. DATE SUBMITTED

November 2, 2023

15. RETURN TO

Greg Niehoff
Ohio Department of Medicaid
P.O. BOX 182709
Columbus, Ohio 43218

FOR CMS USE ONLY

16. DATE RECEIVED

11/2/2023

17. DATE APPROVED

January 24, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

1/1/2024

19. SIGNATURE OF APPROVING OFFICIAL

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, FMG

22. REMARKS

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.

(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.

(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 (C)(1) to (C)(3) of this section by the total Medicaid discharges used in the inpatient case-mix calculation.
- (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)(3) 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.