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State/Territory Name: Ohio

State Plan Amendment (SPA) #: 25-0027

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

Financial Management Group **July 28, 2026**

Scott Partika
State Medicaid Director
Ohio Department of Medicaid
P.O. BOX 182709
Columbus, Ohio 43218

RE: TN 25-0027

Dear Director Partika,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Ohio state plan amendment (SPA) to Attachment 4.19-A OH 25-0027, which was submitted to CMS on December 31st, 2025. This plan amendment proposes to update policies regarding inpatient hospital reimbursement.

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 January 1, 2026. 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 via email at sudev.varma@cms.hhs.gov

Sincerely,

[redacted]

Rory Howe
Director
Financial Management Group

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

Financial Management Group July, 28 2026

Scott Partika
State Medicaid Director
Ohio Department of Medicaid
P.O. BOX 182709
Columbus, Ohio 43218

RE: Payment Methodologies for Out-of-State Providers in Attachment 4.19-A

Dear Director Partika,

The Centers for Medicare & Medicaid Services (CMS) is providing this letter as a companion to the approval of SPA OH-25-0027 which focuses on increases to All-Patient Diagnostic Related Groups (APR-DRGs) relative weights to improve access to behavioral health services for Medicaid consumers, and to strengthen payments for services that support mothers and babies, with the goal of reducing infant mortality and improving overall health outcomes.

It appears that some of the previously approved payment methodologies that pay out-of-state providers differently (noted in "same page" review) may be problematic in light of the D.C. Circuit opinion in *Asante v. Kennedy*, No. 23-5055 (D.C. Cir. 2025), petition for cert. denied (U.S. Mar. 23, 2026) (No. 25361). By approving the corresponding SPA, CMS is expressly not approving any payment methodologies that would violate *Asante*. At this time, CMS will not take enforcement action against the state over such payment methodologies provided that the state does not implement such methodologies in a manner that conflicts with *Asante*. CMS is currently exploring options for how to proceed with this issue, which may include rulemaking.

If you have any additional questions or need further assistance, please contact Sudev Varma at 301-448-3915 or via email at sudev.varma@cms.hhs.gov.

Sincerely,

[redacted]

Director
Financial Management Group

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

REVISED #2

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 25-0027

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, 2026

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447 subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ 19,713,006
b. FFY 2027 $ 26,350,644

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A pages 1-8 and 1-9

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-A pages 1-8 and 1-9 (TN 23-037)

9. SUBJECT OF AMENDMENT
Payment for Services - Inpatient 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:
The State Medicaid Director is the Governor's designee

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
SCOTT PARTIKA

13. TITLE
STATE MEDICAID DIRECTOR

14. DATE SUBMITTED
December 31, 2025

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

FOR CMS USE ONLY

16. DATE RECEIVED
December 31, 2025

17. DATE APPROVED
07/28/2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
January 1, 2026

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director of the Financial Management Group

22. REMARKS

(f) For non-Ohio hospital peer groups, effective for dates of discharge on or after January 1, 2024, the peer group base rate is equal to;
  (i) For non-Ohio children's hospitals, 87.39% of the base rate in effect on the effective date of this section for Ohio children's hospitals.
  (ii) For non-Ohio teaching hospitals, 85.71% of the base rate in effect on the effective date of this section for Ohio teaching hospitals.
  (iii) For all other non-Ohio hospitals, 76.73% of the base rate in effect on the effective date of this section of Ohio hospitals that are not considered teaching, children's and psychiatric hospitals.
  (iv) For non-Ohio hospitals, the calculated base rate as described in subsection (A)(5)(e) of this section includes an allowance for medical education.

(g) The statewide per diem rate for Free Standing Psychiatric (FSP) hospitals is equal to:
  (i) 89.6% of the total inflated costs for all cases; divided by
  (ii) The total length of stay (LOS) for all cases.

(h) The FSP peer group per diem rate for each peer group defined in Attachment 4.19-A, section I, subsections (B)(2)(b) and (B)(2)(g) of this section is equal to:
  (i) Between 88.29% and 96.93% of total inflated costs for all cases, dependent upon the peer group; divided by
  (ii) The total LOS for all cases within the peer group.

(i) Effective January 1, 2026, the calculated base rate for the hospital peer groups will increase by the following percentages:
  (i) Critical access hospitals will increase by 34.56%;
  (ii) Rural hospitals will increase by 17.53%;
  (iii) Children's hospitals will increase by 2.36%;
  (iv) Teaching hospitals will increase by 1.55%;
  (v) Urban hospitals will increase by 1.62%, except for southeast hospitals which will increase by 15.85%.

(j) Effective January 1, 2026, the calculated per diem rate for each FSP hospital peer group increase by the following percentages:
  (i) Rural hospitals will increase by 12.55%;
  (ii) Children's hospitals will increase by 15.43%;
  (iii) Teaching hospitals will increase by 15.43%;
  (iv) Urban hospitals will increase by 15.63%.

(6) Computation of Relative Weights

(a) For all DRGs, the relative weight is equal to:
  (i) The average inflated cost per case within the DRG/SOI; divided by
  (ii) The average inflated cost per case across all DRG/SOIs.
  (iii) ODM computed two sets of relative weights:
    (a) One set of relative weights within the behavioral health and substance use disorder (BH/SUD) DRGs 740-776. The average relative weight within the BH/SUD DRGs was adjusted to 80% of the natural result.
    (b) One set of relative weights for acute care DRGs.

(b) Long-acting reversible contraceptive (LARC) devices may be billed and paid separately when the device is provided postpartum during an inpatient hospitalization.

(c) The relative weights for neonate DRGs 580-640 with an SOI of major or extreme, as calculated in this section, were increased by 5.13% to provide for enhanced payments for donor breast milk and milk fortifiers.

(d) Effective January 1, 2026, the relative weights for delivery DRGs 539 to 542 and 560 will increase by 12.59%

(e) Effective January 1, 2026, the relative weights for neonate DRGs 580 to 640 will increase by 12.59%.

(f) Effective January 1, 2026, the relative weights for behavioral health and substance use disorder (BH/SUD) DRGs 740 to 776 will increase by 15.51%.

(7) Except as otherwise noted in the plan, state-developed base rates and relative weights are the same for both governmental and private hospitals. The agency's rate was set as of January 1, 2026 and is effective for services provided on or after that date. A table of the calculated base rates and relative weights are published on the department's website, https://medicaid.ohio.gov/resources-for-providers/billing/fee-schedule-and-rates/fee-schedule-and-rates.