Table of Contents

State/Territory Name: OR

State Plan Amendment (SPA) #: 25-0001

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
230 South Dearborn
Chicago, Illinois 60604

Financial Management Group

March 4, 2025

Emma Sandoe, PhD
Medicaid Director, Oregon Health Authority
500 Summer Street Northeast, E-15
Salem, Oregon 97301-1079

RE: TN 25-0001

Dear Dr. Sandoe:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Oregon state plan amendment (SPA) to Attachment 4.19-B OR-25-0001, which was submitted to CMS on January 9, 2025. This plan amendment revised the Out-of-State Contiguous and Non-contiguous 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 January 4, 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 James Moreth at 206-615-2043 or via email at James.Moreth@CMS.HHS.GOV.

Sincerely,

[redacted]

Todd McMillion
Director
Division of Reimbursement Review

DEPARTMENT OF HEALTH ANDHUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 25-0001

2. STATE: OR

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
1/4/25

5. FEDERAL STATUTE/REGULATION CITATION
1905(a)(1), 42 CFR 440.10

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2025 $ 89,801
b. FFY 2026 $ 116,854

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B, page 5 and 5a

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-B, page 5 and 5a

9. SUBJECT OF AMENDMENT
This transmittal is being submitted to change hospital out-of-state rate methods to be consistent with the in-state reimbursement methodology

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
[redacted]

12. TYPED NAME
Emma Sandoe, PhD

13. TITLE
Medicaid Director

14. DATE SUBMITTED
1/9/25

15. RETURN TO
Oregon Health Authority
Medical Assistance Programs
500 Summer Street NE E-65
Salem, OR 97301

ATTN: Jesse Anderson, State Plan Manager

FOR CMS USE ONLY

16. DATE RECEIVED
1/9/25

17. DATE APPROVED
March 4, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
1/4/25

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

21. TITLE OF APPROVING OFFICIAL
Director, DRR

22. REMARKS
1/13/25-P&I change to box 6a and 6b to correct financial impact.

Instructions on Back

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State/Territory: OREGON

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

2.a. OUTPATIENT HOSPITAL SERVICES

A. Type A, Type B and Critical Access Hospitals:

Oregon Type A, Type B and Critical Access hospitals are reimbursed for outpatient hospital services under a cost-based methodology. Interim payment is made by applying the cost-to-charge ratio, derived from the Medicare cost report, to billed charges for outpatient hospital services. A cost settlement based on the Medicare cost report, as finalized by the fiscal intermediary for purposes of Medicare reimbursement for the respective cost reporting period. The final reimbursement for Type A, Type B and Critical Access hospitals is at 100% of costs.

B. DRG reimbursed Hospitals:

Hospitals that are not a Type A, Type B or Critical Access hospitals are referred to as DRG hospitals. These are reimbursed for outpatient hospital services based on the most recent Medicare payment methodology established by the Centers for Medicare and Medicaid Services under the Outpatient Prospective Payment System using the Ambulatory Payment Classification (APC) methodology. The APC methodology does not apply to clinical laboratory services. The interim payment for clinical laboratory is the lesser of billed charges or the OHA fee schedule as authorized in Attachment 4.19-B, section 3. “Other Lab and X-ray” of this state plan.

C. Supplemental payment to DRG hospitals:

In addition, supplemental payments are made to DRG hospitals in an amount equal to the available gap under the applicable upper payment limit. In no instance will these payments exceed the available applicable gap. For private hospitals, payments will be limited to the total available private hospital upper payment limit gap calculated in the following section. The distribution of payments will be determined by first calculating a percentage as follows: one quarter of the upper payment limit gap divided by the total private DRG hospital outpatient Medicaid fee-for-service payments from the quarter preceding the month of payment. This percentage will then be applied to each private DRG hospital’s outpatient Medicaid fee-for-service payments from the quarter preceding the month of payment to determine the individual private DRG hospital outpatient supplemental payments. This process will be repeated, and payments will be made quarterly.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State/Territory: OREGON

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

2.a. OUTPATIENT HOSPITAL SERVICES (Cont)

D. Non-state government owned hospitals:

Payments will be limited to the total available non-state government owned hospital upper payment limit gap calculated in the following section. The distribution of payments will be determined by first calculating a percentage as follows: one quarter of the upper payment limit gap divided by the total non-state government owned DRG hospital outpatient Medicaid fee-for-service payments from the quarter preceding the month of payment. This percentage will then be applied to each non-state government owned DRG hospital's outpatient Medicaid fee-for-service payments from the quarter preceding the month of payment to determine the individual non-state government owned DRG hospital outpatient supplemental payments. This process will be repeated, and payments will be made quarterly.

E. Out-of-State hospitals:

Out-of-state contiguous and non-contiguous hospitals are reimbursed at an APC methodology as outlined in 2.a.(2), for outpatient services except for clinical laboratory which are reimbursed at the lesser of billed charges or the OHA fee schedule. There is no cost settlement. The reimbursement for out-of-state contiguous and non-contiguous hospital's will be 80% of Medicare. The Agency will grandfather a reimbursement rate of 50% of the 2024 hospital specific charge master if requested by the hospital. Supporting documentation will be required for this process.

F. Highly specialized out-of-state outpatient hospital services:

Provided by written agreement or contract between OHA and the provider. The rate is negotiated on a provider-by-provider basis and is a discounted rate.

Outpatient reimbursement does not exceed applicable Federal upper payment limits.