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State/Territory Name: Utah

State Plan Amendment (SPA) #: 23-0013

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form
- 3) Approved SPA Pages

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



Financial Management Group

September 28, 2023
Jennifer Strohecker
Director
Division of Health Care Financing
Utah Department of Health
P.O. Box 143101
Salt Lake City, Utah 94114-3101

Re: Utah 23-0013

Dear Jennifer Strohecker:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 23-0013. Effective for dates of services on or after July 1, 2023, this amendment updates the reimbursement methodology for inpatient hospital services. Specifically, it removes the inpatient hospital payment reduction section that is obsolete due to the state's budget neutral Diagnostic Related Group (CRG) reimbursement rebasing system.

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 are pleased to inform you that Medicaid State plan amendment TN 23-0013 is approved effective July 1, 2023. The CMS-179 and the amended plan page are attached.

If you have any questions, please contact Christine Storey at christine.storey@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 <u>2</u> <u>3</u> — <u>0</u> <u>0</u> <u>1</u> <u>3</u>	2. STATE <u>UTAH</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.272

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2023 \$ 0
b. FFY 2024 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Page 7 of ATTACHMENT 4.19-A

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Page 7 of ATTACHMENT 4.19-A

9. SUBJECT OF AMENDMENT

Inpatient Payment Modifications

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
Tracy S. Gruber

13. TITLE
Executive Director, Utah Dept of Health & Human Services

14. DATE SUBMITTED
July 17, 2023

15. RETURN TO
Craig Devashrayee
Utah Department of Health and Human Services
Division of Integrated Healthcare
cdevashrayee@utah.gov

FOR CMS USE ONLY

16. DATE RECEIVED:
July 17, 2023

17. DATE APPROVED
September 28, 2023

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL
[Redacted]

20. TYPED NAME OF APPROVING OFFICIAL: Rory Howe

21. TITLE OF APPROVING OFFICIAL: Director, Financial Management Group (FMG)

22. REMARKS:

Pen and ink change to block 5 adding CFR citation 42 CFR 447.272. Addition authorized by state on 9/25/2023.

INPATIENT HOSPITAL
Section 100 Payment Methodology (Continued)

190 Exempt Hospitals -- Two categories of hospitals are exempt from DRGs:

- The State Hospital: Because of its unique patient population, the Utah State Hospital (USH) is not part of the Diagnostic Related Group (DRG) system under which inpatient hospitals are reimbursed. Instead, the State hospital receives an interim per diem rate per patient category (i.e., forensic, adult, and youth) throughout the fiscal year, and a final cost settlement is subsequently performed by comparing Medicaid service costs to the interim payments received by the hospital. Medicare regulations and the Provider Reimbursement Manual - Part 1 (CMS Pub. 15-1) are used to determine allowable costs. The State hospital's Medicare cost methodology pays an average cost per discharge. However, for purposes of measuring Medicaid costs, a separate routine per diem cost is calculated for each patient category within the State hospital and applied to Medicaid eligible hospital days. Ancillary costs are separately allocated based on patient days. Therapeutic leave days are included in the total count of Medicaid days, unless the patient was discharged. However, if a patient is admitted as an inpatient to a second hospital, the patient is deemed to be discharged from the State hospital and the days are not counted. The day count used in the Medicaid cost settlement is consistently applied for all admissions for all patient categories in establishing the State hospital's per diem costs.
- Rural Hospitals: Hospitals located in rural areas of the state are exempt from the DRG reimbursement methodology. (Urban counties are Cache, Davis, Salt Lake, Utah, Washington and Weber. Rural counties are all other Utah counties.) Rural hospitals are paid 89 percent of net covered charges. "Net covered charges" are defined on Page 4.

194 Specialty Out-Of-State Hospitals -- These hospitals provide inpatient services that are not available in the State of Utah. To qualify for this special payment provision, prior authorization must be obtained from the Utah State Department of Health, Division of Health Care Financing. The payment amount will be established by direct negotiations for each approved patient. The DRG method may or may not be used depending on the negotiated payment. Typically, the Medicaid rate in the State where the hospital is located is paid.

T.N. # 23-0013

Approval Date September 28, 2023

Supersedes T.N. # 15-0002

Effective Date 7-1-23