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**State/Territory Name: Wisconsin**

**State Plan Amendment (SPA) WI: 22-0023**

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

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



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**Financial Management Group**

March 1, 2023

Ms. Jamie Kuhn  
State Medicaid Director  
Department of Health Services  
1 West Wilson St.  
P.O. Box 309  
Madison, WI 53701-0309

RE: Wisconsin State Plan Amendment (SPA) 22-0023

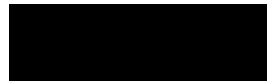
Dear Ms. Kuhn:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 22-0023. Effective for services on or after October 1, 2022, this amendment modifies the timeline of the Hospital Withhold Pay-for-Performance (HWP4P) program payments in the State Plan. HWP4P payments are made by the end of the calendar year following the HWP4P measurement year.

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 regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 22-0023 is approved effective October 1, 2022. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Tom Caughey at (517) 487-8598.

Sincerely,



Director

Enclosure

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER <u>2 2</u> — <u>0 0</u> <u>2 3</u>	2. STATE <u>WI</u>
TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	
5. FEDERAL STATUTE/REGULATION CITATION 47 CFR 447 Subpart F		4. PROPOSED EFFECTIVE DATE <b>10/01/2022</b>	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  Inpatient Hospital State Plan Attachment 4.19-A		6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>2022</u> \$ <u>0</u> b. FFY <u>2023</u> \$ <u>0</u>	
9. SUBJECT OF AMENDMENT  Hospital Withhold Pay-for-Performance (HWP4P) program payments is being clarified in the State Plan.		8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  Inpatient Hospital State Plan Attachment 4.19-A	
10. GOVERNOR'S REVIEW (Check One) <input checked="" type="radio"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="radio"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="radio"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <input type="radio"/> OTHER, AS SPECIFIED: [REDACTED]			
11. SIGNATURE OF STATE AGENCY OFFICIAL [REDACTED]		15. RETURN TO Bailey Dvorak State Plan Amendment Coordinator Department of Health Services 1 W. Wilson St. P.O. Box 309 Madison, WI 53701-0309	
12. TYPED NAME Lisa Olson		17. DATE APPROVED March 1, 2023	
13. TITLE Medicaid Director		19. SIGNATURE OF APPROVING OFFICIAL [REDACTED]	
14. DATE SUBMITTED 12/29/22		21. TITLE OF APPROVING OFFICIAL Director, FMG	
<b>FOR CMS USE ONLY</b>			
16. DATE RECEIVED December 29, 2022		22. REMARKS	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
18. EFFECTIVE DATE OF APPROVED MATERIAL October 1, 2022		20. TYPED NAME OF APPROVING OFFICIAL Rory Howe	

## 6720 Withhold Based Performance Based Payments

The Department has a Hospital Withhold Pay-for-Performance (HWP4P) program that provides for payments for acute care, children's, and critical access hospital services. Psychiatric, long term care, and rehabilitation hospitals are exempt from the HWP4P program.

The Department administers the HWP4P program on a measurement year (MY) basis. MYs are on a 12-month cycle, from January 1 through December 31.

For each MY, the Department pays FFS inpatient claims at the rate of 97% of the reimbursement in effect during the MY. The HWP4P pool amount is the remaining 3% of the reimbursement in effect during the MY for those same FFS claims. Hospital supplemental payments made to eligible providers, including access payments, are excluded from the HWP4P pool amount.

The Department makes HWP4P payments by the end of the calendar year that follows the HWP4P 12-month cycle.

The remainder of this section describes the program's design and requirements for the current measurement year. In order to earn eligibility for HWP4P program payments, hospitals are required to meet performance-based targets as specified in the Hospital Pay-for-Performance (P4P) Guide, which is effective January 1 and published on the Wisconsin ForwardHealth Portal here:

[https://www.forwardhealth.wi.gov/wiportal/content/provider/medicaid/hospital/resources\\_01.htm.spage](https://www.forwardhealth.wi.gov/wiportal/content/provider/medicaid/hospital/resources_01.htm.spage).

The HWP4P program consists of the Potentially Preventable Readmissions (PPR) measure, which focuses on identifying inpatient admissions that occur within 30 days after an initial inpatient visit and could have been potentially prevented through a variety of discharge planning, outpatient or professional services, or other preventative care. Wisconsin Medicaid uses 3M™ software to identify these potentially preventable readmissions, as well as to generate an expected number of PPR chains based on the historic Wisconsin inpatient hospital experience. The Department compares each provider's number of PPR chains in the measurement year to the number of PPR chains expected from that provider, based on historical data evaluated by the 3M™ software, to create the methodology for performance standards and returns.

Providers that meet the requirements are eligible to receive payments from the HWP4P pool as follows:

- 1) If a hospital meets all of its performance targets for all applicable measures, it receives a payment equal to its individual HWP4P pool amount.
- 2) If a hospital does not meet or surpass its performance targets, it receives either no return, or a partial return calculated in a graduated manner as specified in the Hospital P4P Guide.
- 3) If all participating hospitals meet all of their individually applicable targets, no additional HWP4P pool funds are available and thus no bonus payments beyond those described above can be made to any hospital.
- 4) If at least one participating hospital does not receive its full HWP4P pool amount, the Department aggregates all remaining HWP4P pool funds and distributes them as additional bonus payments to hospitals that met their performance targets, up to 10% of their total fee for service inpatient reimbursement.

Each eligible hospital may review the performance measure requirements to receive the HWP4P pool payment prior to the MY in the ForwardHealth P4P Guide, here:

[https://www.forwardhealth.wi.gov/wiportal/content/provider/medicaid/hospital/resources\\_01.htm.spage](https://www.forwardhealth.wi.gov/wiportal/content/provider/medicaid/hospital/resources_01.htm.spage). The data provided includes criteria for which claims are excluded from the measure.

HWP4P payments, including the additional bonus payments, are limited by the federal UPL regulations at 42 CFR §447.272. All HWP4P payments, including the additional bonus payments, are included in the UPL calculation for the MY regardless of when payments are actually made.