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State/Territory Name: Wisconsin

State Plan Amendment (SPA) WI: 24-0001

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 & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

June 13, 2024

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

RE: TN 24-0001

Dear Director Hanna:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Wisconsin state plan amendment (SPA) to Attachment 4.19-A and B WI-24-0001, which was submitted to CMS on March 29, 2024. This plan amendment updates the Inpatient and Outpatient Hospital State Plans to increase the statewide Medicaid fee-for-service base rates for inpatient and outpatient services paid under the DRG and EAPG systems above and beyond the annual inflation increase.

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, 2024. 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 Tom Caughey at 517-487-8598 or via email at tom.caughey@cms.hhs.gov.

Sincerely,



Rory Howe
Director
Financial Management Group

Enclosures

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

1. TRANSMITTAL NUMBER

2 4 — 0 0 0 1

2. STATE

WI

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL

SECURITY ACT



XIX



XXI

4. PROPOSED EFFECTIVE DATE

1/1/24

TO: CENTER DIRECTOR

CENTERS FOR MEDICAID & CHIP SERVICES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. FEDERAL STATUTE/REGULATION CITATION

47 CFR 447 Subpart F

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024 \$ 37,206,143

b. FFY 2025 \$ 49,608,191

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Inpatient Hospital State Plan, p. 8-10, 27, 30, 43-44

Outpatient Hospital State Plan, p. 5

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Inpatient Hospital State Plan, P. 8-10, 27, 30, 43-44

Outpatient Hospital State Plan, p. 5

9. SUBJECT OF AMENDMENT

Hospital rate updates

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



12. TYPED NAME

13. TITLE

14. DATE SUBMITTED

March 29, 2024

15. RETURN TO

State Plan Amendment Coordinator

Department of Health Services

1 W. Wilson St.

P.O. Box 309

Madison, WI 53701-0309

FOR CMS USE ONLY

16. DATE RECEIVED

March 29, 2024

17. DATE APPROVED

June 13, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL



20. TYPED NAME OF APPROVING OFFICIAL

Rory Howe

21. TITLE OF APPROVING OFFICIAL

Director, FMG

22. REMARKS

6000 DRG-BASED PAYMENT SYSTEM

6100 Introduction

A hospital is paid a prospectively-established amount for each discharge under the DRG-based payment system. In the Department's annual rate update, a "hospital-specific DRG base rate" is calculated for each hospital. This rate is the result of adjusting a uniform "standard DRG group rate" to recognize the wage area of each hospital. In addition, a hospital-specific rate supplement for direct graduate medical education is added to the "DRG group rate" described in the following pages.

For each WMP recipient's stay, the hospital's specific DRG base rate is multiplied by the weight for the DRG and any applicable policy adjuster which applies to the hospital stay. The result of this multiplication is the DRG payment to the hospital for the specific stay. In addition to the DRG payment, an "outlier" payment may be made to the hospital for very high-cost cases.

6110 Hospitals Covered by the DRG-Based Payment System

The DRG-based payment system as described in §6000 applies to in-state and border status acute care, children's, and critical access hospitals. Reimbursement for rehabilitation, psychiatric, and long-term care hospitals is described in §8000. Reimbursement for out-of-state hospitals is described in §11000.

6120 Services Covered by DRG Payments

All covered services provided during an inpatient hospital stay, except professional services described in §6130, are considered inpatient hospital services for which payment is provided under this DRG-based payment system. (Reference: Wis. Admin. Code, HS 107.08(3) and (4))

All covered inpatient hospital stays are reimbursed under the DRG-based payment method except ventilator patient care, unusual cases, and brain injury care. These cases are reimbursed under the alternative payment methods described in §7000 if the hospital requests and qualifies for the alternative reimbursement according to §7000.

Organ transplants are covered by the DRG-based payment method.

6130 Professional Services Excluded from DRG Payments

Certain professional and other services are excluded from the DRG payment system. Professional services must be billed by a separately-certified provider and billed on the CMS 1500 claim form. Services are excluded when the professionals providing them or the services themselves are functioning as:

Physicians	Optometrists	Pharmacists
Psychiatrists	Hearing aid dealers	Pharmacy, for take home drugs on the date of discharge
Psychologists	Audiologists	
Physician assistants	Podiatrists	Durable medical equipment and supplies for non-hospital use
Nurse midwives	Independent nurse practitioners	
Chiropractors	Anesthesia assistants	Specialized medical vehicle transportation
Dentists	Certified registered nurse anesthetists	Air, water, and land ambulance

TN 24-0001

Supersedes

TN 18-0002

Approval Date: June 13, 2024

Effective Date: 01/01/2024

6230 Policy Adjusters

Policy adjusters are applied at the claim level and are a numeric factor, much like a DRG weight, and are intended to enhance payments for select services, age groups, provider types, etc. The current rate year uses the following policy adjusters:

Policy Adjuster	Identification Basis	Factor
Neonate	DRG	1.30
Normal Newborn	DRG	1.80
Pediatric	Age (17 and Under)	1.20
Transplant	DRG	1.50
Level 1 Trauma Services	Provider Trauma Designation	1.30
Behavioral Health	DRG and DHS 61.71 Provider Designation	1.80

Only one policy adjuster is applied per claim. When a claim is eligible for more than one adjuster, the single largest factor is applied when calculating payment. When no policy adjusters are applicable, a factor of 1.00 used.

6235 Hospital-Specific DRG Base Rate

The Department calculates a hospital-specific DRG base rate for in-state and border status hospitals as follows:

The Department determines hospital-specific DRG base rates by inflating the standard DRG group rate from the prior rate year to the new rate year, and then adjusting for differences in the wage area index and direct graduate medical education costs for each hospital. Effective January 1, 2024 the Department applies an additional increase factor to the standard DRG group rate (in addition to the annual inflation increase) set to result in a \$1.5M modeled payment increase above modeled payments with only the annual inflation increase applied. Effective January 1, 2025 and beyond, Department will inflate the standard DRG group rate from the prior rate year to the new rate year, without additional increases.

The labor portion of the standard DRG group rate is adjusted by the wage area adjustment index applicable to the hospital; the sum of the adjusted labor portion and the unadjusted non-labor portion forms the "total labor-adjusted group rate." §6240 describes the wage area adjustment index. To form the hospital-specific DRG base rate, the Department adds to the hospital's total labor-adjusted group rate its specific base payment add-on amounts for graduate medical education costs (if applicable), described in §6250 through §6270.

Finally, the Department adjusts the standard DRG group rate to account for the impact of including wage index adjustments and direct graduate medical education in the development of the hospital-specific DRG base rates. This action, in turn, serves to adjust the hospital-specific DRG base rates as well.

7900 Payment for Services Exempted from DRG-Based Payment System

These payment rates are established by applying the general payment rate increase provided by the state's biennial budget to the rate in effect for the prior rate year.

<u>Section</u>	<u>Services</u>	<u>Rate Per Diem Effective</u> January 1, 2024
7200	Long-Term Ventilator Services.....	\$1,612
7500	Brain Injury Care	
	Neurobehavioral Program Care.....	\$2,249
	Coma Recovery Program Care.....	\$2,249

7910 Services Covered by Payment Rates in This Section

All covered services provided during an inpatient stay, except professional services described in §7920, are considered hospital inpatient services for which payment is provided under the payment rates listed in §7900 above. [Reference: Wis. Admin. Code, HS 107.08(3) and (4)]

7920 Professional Services Excluded from Payment Rates in This Section

Certain professional and other services are not covered by the payment rates listed in §7900 above. To be reimbursed by the WMP, professional services must be billed by a separately certified provider and billed on a claim form other than the UB-04 hospital claim form. The following services are excluded from the above payment rates and may be billed separately when the professionals are functioning in a capacity listed below.

Physicians	Optometrists	Pharmacists
Psychiatrists	Hearing aid dealers	Pharmacy, for take home drugs on the date of discharge
Psychologists	Audiologists	
Physician assistants	Podiatrists	Durable medical equipment and supplies for non-hospital use
Nurse midwives	Independent nurse practitioners	
Chiropractors	Anesthesia assistants	Specialized medical vehicle transportation
Dentists	Certified registered nurse anesthetists	Air, water, and land ambulance

TN 24-0001

Supersedes

TN 18-0002

Approval Date: June 13, 2024

Effective Date: 01/01/2024

8400 Covered and Non-Covered Services

8410 Services Covered

All covered services provided during an inpatient stay, except professional services described in §8420, shall be considered hospital inpatient services for which per diem payment is provided under this §8000.

[Reference: Wis. Admin. Code, HFS 107.08(3) and (4).]

8420 Professional Services Excluded

Certain professional and other services are not covered by the per diem payment rates under this §8000. To be reimbursed by the WMP, professional services must be billed by a separately certified provider and billed on a claim form other than the UB-04 hospital claim form. The following services are excluded from the per diem payment rates and may be billed separately when the professionals are functioning in a capacity listed below.

Physicians	Optometrists	Pharmacists
Psychiatrists	Hearing aid dealers	Pharmacy, for take home drugs on the date of discharge
Psychologists	Audiologists	
Physician assistants	Podiatrists	Durable medical equipment and supplies for non-hospital use
Nurse midwives	Independent nurse practitioners	
Chiropractors	Anesthesia assistants	Specialized medical vehicle transportation
Dentists	Certified registered nurse anesthetists	Air, water, and land ambulance

9800 Graduate Medical Education Supplemental Payments for Hospitals

This section establishes supplemental payments for graduate medical education residents at qualified hospitals training physicians for practice in Wisconsin. To be eligible for payments under this section, hospitals must be otherwise eligible to receive WMP payments and meet the qualifying criteria outlined below.

9810 Introduction

Hospitals located in the State of Wisconsin may receive supplemental payments of up to \$541,386 per state fiscal year to support new graduate medical education residents. §146.64.Wis. Stats. authorizes the Department to distribute such payments to hospitals to fund the addition of resident positions to existing accredited graduate medical education programs in family medicine, general internal medicine, general surgery, pediatrics and psychiatry, including other accredited or nationally certified residency or fellowship programs in a medical specialty.

9820 Qualifying Criteria

The hospital must meet the following criteria:

- a) The hospital serves rural and underserved communities in Wisconsin.
- b) The hospital serves as an approved training site for an accredited graduate medical education program in one **or** more of the following specialties: family medicine, general internal medicine, general surgery, pediatrics, and psychiatry, including other accredited or nationally certified residency or fellowship programs in a medical specialty.
- c) The hospital meets applicable, minimum requirements to be WMP-certified.
- d) Priority for funding will be given to hospitals that meet the following criteria: The hospital is located **in** the State of Wisconsin.
- e) The hospital and its' associated graduate medical education program has a retention rate of at least 30 percent of graduate residents remaining to practice in Wisconsin's rural and underserved communities.
- f) The hospital serves underserved areas with a population of less than 50,000; more rural areas, e.g., those with populations of less than 10,000 receive higher priority.
- g) The hospital includes a focus on physician training in working with team-based care, in prevention and public health, in cost effectiveness and health care economics, and in working in new service delivery models, e.g., Accountable Care Organizations or patient-centered medical homes.

9830 Amounts of Supplemental Payments

The amount of payment per hospital shall not exceed \$180,462 per resident per state fiscal year, and the hospital shall not receive more than \$541,386 per state fiscal year. It is the intention of the Department that payments be made annually for the duration of the residencies expanded under the supplemental payment program.

Funds are restricted to direct costs of the resident, i.e., salary, fringe benefits, travel expenses incurred in travel to and from required participating sites, and malpractice insurance. Funds cannot be used for capital improvements, equipment and supplies (medical and non-medical), sub-contracts, consultant fees, research, or planning activities. These funds shall not be used to supplant or replace existing funds supporting the proposed targeted specialty program from other sources, including local, state or federal funds.

The Department sets forth a methodology as defined in §9840 for distributing the graduate medical education resident supplemental payments.

9840 Allocation Methodology

Approval Date: June 13, 2024

Effective Date: 01/01/2024

TN 24-0001
Supersedes
TN 18-0002

- a) The Department shall solicit competitive applications for supplemental payments for residents through a Request for Applications from qualified hospitals.
- b) The existing, accredited residency program at the hospital must be in family medicine, general internal medicine, general surgery, pediatrics, and psychiatry, including other accredited or nationally certified residency or fellowship programs in a medical specialty.
- c) Each separately participating qualifying hospital cannot receive more than \$180,462 per resident or \$541,386 per state fiscal year.

TN 24-0001
Supersedes
TN 18-0002

Approval Date: June 13, 2024
Effective Date: 01/01/2024

4213 Calculating EAPG Base Rates for Hospitals that are not CAHs nor Psychiatric Hospitals.

Hospitals that do not qualify as Critical Access Hospitals or as Psychiatric Hospitals use a statewide EAPG base rate that is calculated by inflating the statewide EAPG base rate from the prior rate year to the new rate year. Effective January 1, 2024 the Department applies an additional increase factor to the statewide EAPG base rate (in addition to the annual inflation increase) set to result in a \$44.0M modeled payment increase above modeled payments with only the annual inflation increase applied. Effective January 1, 2025 and beyond, Department will inflate the statewide EAPG base rate from the prior rate year to the new rate year, without additional increases.

Qualifying hospital EAPG base rates also include a Direct Graduate Medical Education (GME) add on, as described in section 4221. The EAPG base rates are effective January 1 of the current rate year and can be found on the Wisconsin ForwardHealth Portal here:
<https://www.forwardhealth.wi.gov/WIPortal/Subsystem/SW/StaticContentUProvider/medicaid/hospital/drg/drg.htm.spage#>.

Approval Date: June 13, 2024

Effective Date: 01/01/2024

TN 24-0001
Supersedes
TN 17-0001