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State/Territory Name: Wisconsin

State Plan Amendment (SPA) WI: 24-0016

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

December 5, 2024

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

RE: TN 24-0016

Dear Director Hanna:

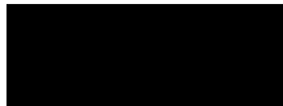
The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Wisconsin state plan amendment (SPA) to Attachment 4.19-A WI-24-0016, which was submitted to CMS on September 27, 2024. This plan amendment updates the inpatient hospital state plan to require that hospitals be located within the State of Wisconsin in order to qualify for payments under the standard Disproportionate Share Hospital (DSH) payment program.

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), and 1923 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 July 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

DEPARTMENT OF HEALTH AND HUMAN 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
2 5 — 0 0 1 6

2. STATE
WI

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
7/1/2024

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 412.106

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2025 $ 0
b. FFY 2026 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A, page 34, §9211

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*

9. SUBJECT OF AMENDMENT
DHS will modify §9210-§9216 to require that hospitals are located within the State of Wisconsin to qualify for Wisconsin standard DSH payments.

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:

Signed by: Nathan Bellhorst

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
William Hanna

13. TITLE
State Medicaid Director

14. DATE SUBMITTED
September 27, 2024

15. RETURN TO

FOR CMS USE ONLY

16. DATE RECEIVED
September 27, 2024

17. DATE APPROVED
December 5, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, FMG

22. REMARKS

9200 Disproportionate Share Hospital (DSH) Payments

9210 Standard DSH Payments

9211 General. The special payments described in this §9210, specifically §9211 through §9216, are disproportionate share hospital payments provided in accord with the federal Social Security Act, §1902(a)(13)(A)(iv) and §1923. DSH **payments are allocated to hospitals that provide a disproportionate share of services to WMP and low-income** patients. A hospital may qualify for a disproportionate share payment if the hospital is located in the state of Wisconsin, if the hospital's WMP utilization rate is at least 1%, and if either (1) the hospital's *WMP utilization rate* is at least one standard deviation above the mean WMP **utilization rate for in-state and border status hospitals, or (2) has a *low-income utilization rate* of more than 25%. The** DSH payment described in this section is a lump sum payment provided to hospitals on an SFY basis.

9212 Obstetrician Requirement. In order for a qualifying hospital to receive its payment, it must have at least 2 obstetricians who have staff privileges and who have agreed to provide obstetrical care to WMP recipients. Hospitals may substitute any physician with staff privileges to perform obstetrical care and who has agreed to provide care to WMP recipients. If a hospital serves patients predominantly under age 18, or if the hospital did not offer non-emergency obstetrical care as of December 21, 1987, it need not comply with this obstetrical requirement in order to receive the payment.

9213 Medicaid Utilization Method. A hospital with high WMP utilization located in the state of Wisconsin may qualify for a disproportionate share hospital (DSH) payment.

- *Statewide Amounts Calculated:* The Department annually calculates a "Medicaid inpatient utilization rate" for each in-state and border status hospital that receives WMP payments. From the compilation of the individual hospital utilization rates, the statewide mean average and standard deviation from the mean are calculated.

- *Qualifying Hospital under Medicaid Utilization Method:* A hospital qualifies for a DSH payment if its Medicaid inpatient utilization rate (M) is equal to or greater than the mean-plus-one-standard-deviation (S) and is at **least 1**%.

- *Hospital Specific Payment Calculated:* A "DSH payment" is calculated according to the following formula for a hospital that qualifies under the Medicaid utilization method:

  Allotted DSH Funding for State Fiscal Year/(# of Hospitals qualifying for DSH Payment Under Medicaid Utilization +#of Hospitals qualifying for DSH Under the Low-Income Utilization Method)= Hospital Specific Payment Amount

  The DSH payment amount shall be limited by the budgetary restrictions as outlined in §9216.

- *Medicaid Inpatient Utilization Rate:* The term "Medicaid inpatient utilization rate" means, for a hospital, a fraction (expressed as a percentage), the numerator of which is the hospital's number of inpatient days attributable to patients who (for such days) were eligible for WMP, and the denominator of which is the total number of the hospital's inpatient days. Medicaid inpatient days (the numerator) include WMP HMO recipient days and recipient days of other states' Medicaid programs reported by a hospital. Medicaid inpatient days in the numerator do not include any days of inpatient stays which were paid in full or part by Medicare. Paid in full means the amount received by the hospital equals or exceeds the amount WMP would have paid for the stay. Some MA recipient stays, which are not paid in full or part by Medicare, may be paid fully or partially by a third party insurance payer and/or by a recipient's MA eligibility spend-down funds. If the hospital stay is paid in full, then the days of the recipient's stay will not be included in the numerator as MA inpatient days. If the hospital is not paid in full and the WMP reimburses the hospital for the unpaid balance, then all days of the stay are included in the numerator as MA inpatient days to the extent that the days of the stay were allowed by the WMP.

9214 Low-Income Utilization Method. A hospital located in the state of Wisconsin with a low-income utilization rate exceeding 25% may also qualify for a disproportionate share hospital payment. A hospital must make a specific request to the Department to be **considered under this method for a disproportionate share hospital payment. A hospital's "low income utilization rate"** is the sum of the following two percentages calculated as described below. The Department will designate the cost reporting period.

- *First Percentage:* Total payments from WMP to the hospital and total county general assistance program payments to the hospital for inpatient and outpatient services plus the amount of the cash subsidies received directly from State and local governments in a cost reporting period, divided by the total amount of revenues of the hospital for inpatient and outpatient services (including the amount of such cash subsidies) in the **same cost reporting period. Revenues shall be net revenues after deducting bad debts, contractual** allowances and discounts, that is, reductions in charges given to other third-party payers, such as HMOs or **Medicare. Revenues shall also exclude recorded charges for charity care.**

- *Second Percentage:* The total amount of the hospital's charges for inpatient hospital services attributable to **charity care in a cost reporting period, less the portion of any cash subsidies described above in the period** reasonably attributable to inpatient hospital services in the same period, divided by the total amount of the hospital's charges for inpatient services in the hospital in the same period.

- *Charity Care:* Charity care means health care a hospital provides to a patient who, after an investigation of the circumstances surrounding the patient's ability to pay, including non-qualification for a public program, is determined by the hospital to *be* unable to pay all or a portion of the hospital's normal billed charges. Charity care does not include any of the following: **(1)** care provided to patients for which a public program or public or private grant funds pay for any of the charges for the care; (2) contractual adjustments in the provision of health care services below normal billed charges; (3) differences between a hospital's charges and payments received for health care services provided to the hospital's employees, to public employees or to prisoners; (4) hospital charges associated with health care services for which a hospital reduces normal billed charges as a courtesy; or (5) bad debts. Bad debts are claims arising from rendering patient care services that the hospital, using a sound credit and collection policy, determines are uncollectible, but does **not include charity care.**

- *Hospital Specific Payment Calculated:* A "DSH payment" is calculated according to the following formula for a hospital that qualifies under the low-income utilization method.

  Allotted DSH Funding for State Fiscal Year *I(#* of Hospitals qualifying for DSH Payment Under Medicaid Utilization +#of Hospitals qualifying for DSH Under the Low-Income Utilization Method) = Hospital Specific Payment Amount

  The DSH payment amount shall be limited by the budgetary restrictions as outlined in §9216.

9215 Which Method Allowed. A hospital will only be allowed a payment either under the Medicaid utilization method of §9213 or under the low-income utilization method of §9214. If the Department determines a hospital qualifies for a disproportionate share payment under the Medicaid utilization method but the hospital requests a payment under the low-income method and qualifies under this method as well, the hospital will receive only one DSH payment.

9216 Budget for Standard DSH Payments. The Department has determined that a total of $100,000 (for all hospitals combined) will be available for the DSH hospital payments per SFY.