Table of Contents

State/Territory Name: WI

State Plan Amendment (SPA) #: 25-0003

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/ Division of Reimbursement Review

October 9, 2025

William Hannah
Medicaid Director
1 W. Wilson St.
P.O. Box 309
Madison, WI 53701-0309

Dear Director Hannah,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Wisconsin State Plan Amendment (SPA) to Attachment 4.19-B TN: #25-0003 which was submitted to CMS on March 28, 2025. This plan amendment updates the per-visit add-on for outpatient dental services and establishes the state's outpatient pay-for-performance system and Health Information Exchange Program.

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 1, 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 Matthew Klein at 214-767-4625 or matthew.klein@cms.hhs.gov

Sincerely,

[redacted]

Todd McMillion
Director
Division of Reimbursement Review

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: 25-0003

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
1/1/25

5. FEDERAL STATUTE/REGULATION CITATION
47 CFR 447 Subpart F

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2025 $ 237,152
b. FFY 2026 $ 316,203

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Outpatient Hospital State Plan 4.19-B
Pg. 3-4, 8, 8a, 8b

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Outpatient Hospital State Plan 4.19-B
Pg. 3-4 (18-0003), 8 (23-0004)

9. SUBJECT OF AMENDMENT

Increase of per claim outpatient dental payments to meet targets. Add details on HIE Withhold plan.

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: [redacted]

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Bill Hanna

13. TITLE
Medicaid Director

14. DATE SUBMITTED
3/28/2025

15. RETURN TO
Allie Merfeld
State Plan Coordinator
Department of Health Services
1 W. Wilson St.
P.O. Box 309
Madison, WI 53701-0309

FOR CMS USE ONLY

16. DATE RECEIVED
03/28/2025

17. DATE APPROVED
October 9, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
01/01/2025

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

21. TITLE OF APPROVING OFFICIAL
Director, Division of Reimbursement Review

22. REMARKS

Instructions on Back

Graduate Medical Education (GME). The phase of training that occurs after the completion of medical school in which physicians serve as residents, typically at a teaching hospital, and receive several years of supervised, hands-on training in a particular area of expertise. Hospitals that train residents incur real and significant costs beyond those customarily associated with providing patient care; in recognition of this, the WMP provides various payment adjustments to help defray the direct costs of GME programs.

Healthcare Cost Report Information System (HCRIS). The centralized electronic clearinghouse for Medicare cost reports maintained by CMS.

Hospital P4P Guide. The annual publication, available on the Wisconsin ForwardHealth Portal, that supplements this State Plan with additional details about, among other things, the P4P programs.

Hospital Withhold Based Pay-for-Performance (P4P) Program. A performance-based reimbursement system in which the WMP withholds a portion of payment for outpatient hospital services and allows hospitals to earn back those dollars by meeting various quality benchmarks. See §4270 for further details.

Inpatient Hospital Licensed Facility. For hospitals located in Wisconsin, that part of the physical entity, as surveyed and licensed by the Department, in which inpatient care is provided. Any emergency department, clinic, or other part of the licensed hospital that is not located on the same premises as the inpatient hospital licensed facility is not part of the inpatient hospital licensed facility, irrespective of whether that off-premises emergency department, clinic, or other part is considered to be part of the hospital under the hospital license or for purposes of Medicare reimbursement. For hospitals not located in Wisconsin, the physical entity that is covered by surveying, licensure, certification, accreditation, or such comparable regulatory activities of the state in which the hospital is located.

Long-Term Care Hospital. A separately licensed hospital that meets the requirements of 42 CFR 412.23(e) and is reimbursed by Medicare under the Medicare prospective payment system for long-term care hospitals.

Measurement Year (MY). The claims experience period for the Hospital Pay-for-Performance (P4P) programs.

Medicaid Deficit. The amount by which the cost of providing outpatient services to WMP recipients exceeds the WMP payment for those services. See §7000 for further details.

Medicaid Management Information System (MMIS). The system used by the WMP to process and document provider claims for payment.

Medicare Cost Report. The CMS 2552 form.

Outpatient Visit. The provision of services by an outpatient department located within an inpatient hospital licensed facility on a given calendar day, regardless of the number of procedures or examinations performed or departments visited, which does not include or lead to an inpatient admission to the facility. Services provided at a facility operated by the University of Wisconsin Hospitals and Clinics Authority need not occur within an inpatient hospital licensed facility to qualify for outpatient status under this definition. Services provided at a facility operated by a free-standing pediatric teaching hospital need not occur within an inpatient hospital licensed facility to qualify for outpatient status under this definition if the facility was added to the hospital's certificate of approval on or after July 1, 2009.

P4P Pool Amount. The amount of money withheld from outpatient hospital reimbursement for use in one of the Hospital Withhold P4P programs.

Psychiatric Hospital. A general psychiatric hospital which is not a satellite of an acute care hospital and for which the department has issued a certificate of approval that applies only to the psychiatric hospital. A subcategory of psychiatric hospital is Institution for Mental Disease (IMD), which is defined in 42 CFR 435.1009, though IMDs are only eligible for Medicaid reimbursement under specific circumstances.

Rate Notification Letter. The notification provided to hospitals at the conclusion of the annual rate update informing each hospital of its updated reimbursement rates and how to appeal them if necessary.

Rate Year (RY). The time period from January 1 through December 31 for which prospective outpatient rates are calculated under §4200.

Rehabilitation Hospital. A separately licensed hospital that meets the requirements of 42 CFR 412.23(b) and is reimbursed by Medicare under the Medicare prospective payment system for rehabilitation hospitals. The hospital provides intensive rehabilitative services for conditions such as stroke, brain injury, spinal cord injury, amputation, hip fractures, and multiple traumas to at least 75% of its patient population. IMD hospitals cannot be considered rehabilitation hospitals under the provisions of this plan.

State Fiscal Year (SFY). July 1 – June 30. For example, SFY 2014 is defined as July 1, 2013 – June 30, 2014.

Upper Payment Limit (UPL). The maximum amount the WMP may reimburse a hospital for services provided to WMP members. This is formally specified in 42 CFR 447.321.

Wisconsin CheckPoint. A centralized electronic clearinghouse for quality data for Wisconsin hospitals, maintained by the Wisconsin Hospital Association, available at www.wicheckpoint.org.

Wisconsin ForwardHealth Portal. A website administered by the WMP listed at www.forwardhealth.wi.gov.

Wisconsin Medicaid Program (WMP). The State of Wisconsin's implementation of Medical Assistance as per Title XIX of the federal Social Security Act.

4230 Calculating Final EAPG Payment. Each line of an outpatient hospital claim is assigned to an EAPG and therefore has a distinct weight. These weights are multiplied by the hospital's specific EAPG base rate. The total reimbursement for an outpatient hospital claim is the sum of these multiplications, with the following exceptions:

- Clinical Diagnostic Laboratory Services are paid on a fee schedule basis.

4240 Exclusions from the EAPG Reimbursement System. The following services are not included within the EAPG reimbursement system:

- Therapy Services
- Clinical Diagnostic Laboratory Services
- Durable Medical Equipment (DME)
- Provider-Based End Stage Renal Disease (ESRD) Services

4250 Outpatient Access Payment. To promote WMP member access to acute care, children's, rehabilitation, and critical access hospitals throughout Wisconsin, the WMP provides a hospital access payment amount per eligible outpatient FFS claim. Access payments are intended to reimburse hospital providers based on WMP volume. Therefore, the payment amounts per claim are not differentiated by hospital based on acuity or individual hospital cost. However, critical access hospitals receive a different access payment per claim than do acute care, children's, and rehabilitation hospitals.

The amount of the hospital access payment per claim is based on an available funding pool appropriated in the state budget and aggregate hospital UPLs. This amount of funding is divided by the estimated number of paid outpatient FFS claims for the SFY to develop the per claim access payment rate.

The access payment per claim amounts are effective for dates of service on or after July 1, 2018 and are identified on the hospital reimbursement rate web page of the Wisconsin ForwardHealth Portal here: https://www.forwardhealth.wi.gov/wiportal/content/provider/medicaid/hospital/resources_01.htm.spage. This payment per claim is in addition to the EAPG base payment described in §4230. Access payments per claim are only provided until the FFS access payment funding pool amount has been expended for the SFY.

Access payments are subject to the same federal UPL standards as base rate payments, described in 42 CFR §447.321. Access payment amounts are not interim payments and are not subject to settlement. Psychiatric hospitals are not eligible for access payments because of the unique rate setting methods used to establish rates for those hospitals.

4260 Outpatient Dental Add-on Payment. The Department provides an outpatient per visit add-on of $1,075 (in addition to the EAPG payment) for outpatient dental services where deep sedation is provided. Claims qualifying for the add-on payment will be acute hospital claims billing procedure code 41899 with modifier U2 to indicate sedation.

4270 Withhold Based Performance Based Payments

The Department has a Hospital Withhold Pay-for-Performance (P4P) program that provides for payments for Medicaid outpatient hospital services. Hospital eligibility is program specific as defined in the subsequent program section below.

The Department administers the Withhold P4P 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 outpatient claims at a rate below 100% of the reimbursement in effect during the MY. The Withhold P4P pool amount is the withheld percentage 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 Withhold P4P pool amount.

The Department makes these payments by the end of the calendar year that follows the program's 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 Withhold Based P4P program payments, there are hospital specific requirements which must be met, 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.

Withhold Based P4P payments, including the additional bonus payments, are limited by the federal UPL regulations at 42 CFR §447.321. All Withhold Based P4P payments, including the additional bonus payments, are included in the UPL calculation for the MY regardless of when payments are actually made.

4271 Health Information Exchange (HIE) Withhold Program – Effective 1/1/2025

The Health Information Exchange (HIE) Withhold program focuses on Wisconsin hospital participation in health information data sharing to facilitate higher quality of patient care, reduced Medicaid costs, and increased access to patient information. The Department requires hospitals to participate with the state-designated entity for HIE to be eligible for payments.

For each MY, the Department pays FFS outpatient claims at the rate of 98.5% of the reimbursement for acute care, critical access, long-term care, and rehabilitation hospitals, and 99% of the reimbursement for psychiatric hospitals, in effect during the MY. The HIE Withhold pool amount is the withheld 1.5% and 1% of the reimbursement in effect during the MY for those same FFS claims.

Providers that meet the requirements including the performance target of Live participation status for one or more of the three WISHIN categories described at the end of this section are eligible to receive payments from the HIE Withhold pool as follows:

1) If a hospital meets its performance target for an applicable measure, it receives a payment equal to its individual HIE Withhold pool amount for that measure.

2) If a hospital does not meet its performance target for an applicable measure, it receives no return.

3) If all participating hospitals meet all of their individually applicable targets, no additional HIE Withhold 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 HIE Withhold pool amount, the Department aggregates all remaining HIE Withhold pool funds and distributes them as additional bonus payments to hospitals that met all of their performance targets for all measures. Hospitals will have until December 31st of a given MY to obtain a Live status per each eligible interface to receive back their withheld funds. Hospitals which have not obtained a Live status in a particular interface will have that portion of funds placed in an incentive pool. The incentive pool will be divided among all hospitals that earn a "Live" status in all three interface categories in addition to earning back all of their withheld funds. The incentive pool will be portioned out by share of Medicaid inpatient and outpatient claims payments.

5) Incentive payment amounts are based on an individual hospital's FFS claim volume.

Performance is based on a hospital's Live participation status in the three WISHIN interface categories detailed below. A Live status means the participant is fully and actively information sharing via that particular WISHIN interface.

WISHIN Interface Categories:

1. Admission, Discharge, and Transfer (ADT)

2. Consolidated Clinical Document Architecture (CCDA)

3. Lab, Pathology, and Radiology (Hospitals must participate in all three interfaces in order to earn the incentive)*

**Psychiatric hospitals are exempt from this interface*