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State Name: Delaware

State Plan Amendment (SPA) #17-003

This file contains the following documents in the order listed:

1) Approval Letter
2) CMS-179
3) Approved SPA Pages
June 26, 2017

Mr. Stephen M. Groff, Director
Division of Medicaid and Medical Assistance
P.O. Box 906
New Castle, DE 19720-0906

Dear Mr. Groff:

We are pleased to inform you of the approval of Delaware State Plan Amendment (SPA) 17-003. This amendment provides a mechanism for Federally Qualified Health Centers (FQHC) to be compensated for Long-Acting Reversible Contraceptives (LARC) that are not included in the FQHC’s rates. This will provide FQHC’s the ability to maintain an adequate stock of LARC, thus increasing access to important family planning services for Medicaid recipients.

Enclosed is a copy of the approved SPA pages and the signed CMS-179 form. The effective date of this amendment is January 2, 2017.

If you have any questions, you may contact Michael Cleary at (215) 861-4282.

Sincerely,

Francis T. McCullough
Associate Regional Administrator

Enclosures
**TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

**TO: REGIONAL ADMINISTRATOR**
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER: SPA #17-003
2. STATE: DELAWARE
3. PROGRAM IDENTIFICATION: **TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)**
4. PROPOSED EFFECTIVE DATE: January 2, 2017
5. TYPE OF PLAN MATERIAL (Check One):
   - NEW STATE PLAN
   - AMENDMENT TO BE CONSIDERED AS NEW PLAN
   - XXX AMENDMENT

6. FEDERAL STATUTE/REGULATION CITATION:
   - 1902(a)19; 1905(a)(4)(C); and 1927 of the Social Security Act
   - 42 CFR §440.210; 42 CFR §440.120; 42 CFR §441.20; 42 CFR §447.45
   - State Medicaid Manual, Section 4270, Family Planning Services

7. FEDERAL BUDGET IMPACT:
   - a. FFY 2017 $ -0-
   - b. FFY 2018 $ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
   ATTACHMENT 4.19-B Page 13

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
   ATTACHMENT 4.19-B Page 13

10. SUBJECT OF AMENDMENT: **FEDERALLY QUALIFIED HEALTH CARE CENTERS’ ADMINISTRATION OF LONG-ACTING REVERSIBLE CONTRACEPTIVES**

11. 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

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
    **Stephen M. Groff**, Director, Division of Medicaid and Medical Assistance

14. TITLE: **Designee for Kara Odom Walker, MD, MPH, MSHS, Secretary, Delaware Health and Social Services**

15. DATE SUBMITTED: 3/29/2017

16. RETURN TO:
    Stephen M. Groff
    Director
    Division of Medicaid and Medical Assistance
    P.O. Box 906
    New Castle, Delaware 19720-0906

17. DATE RECEIVED: March 29, 2017
18. DATE APPROVED: June 26, 2017

19. EFFECTIVE DATE OF APPROVED MATERIAL: January 2, 2017

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
    Fran McCullough

22. TITLE: Associate Regional Administrator

23. REMARKS: COPY ATTACHED

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FOR REGIONAL OFFICE USE ONLY

19. EFFECTIVE DATE OF APPROVED MATERIAL: January 2, 2017
20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME: Fran McCullough
22. TITLE: Associate Regional Administrator
23. REMARKS:
FEDERALLY QUALIFIED HEALTH CENTERS

The Centers for Medicare and Medicaid Services (CMS) requires that Federally Qualified Health Centers (FQHCs) be reimbursed in compliance with the Benefits Improvement and Protection Act (BIPA) of 2000. Effective January 1, 2001, Delaware will pay 100% of reasonable cost based on an average of the Fiscal Year 1999 and 2000 audited cost report.

The Medicaid Managed Care Organizations are contractually required to include the same service array and the same payment methodology as the State Medicaid FFS contracts with FQHCs. The Medicaid FFS rate is a prospective payment system (PPS) rate paid per FQHC visit. The Delaware Medicaid Program will verify that the FQHC has received the PPS rate for every visit. If there is a discrepancy in payment amounts, DE will make a wraparound payment to the FQHC within 90 days.

FQHCs are assigned a prospectively determined rate per clinic visit based in actual costs reported on their audited cost reports, and they do not correspond with the Federal Fiscal Year, they would span more than one fiscal year. Starting July 1, 2001, the Medicare Economic Index will be used to inflate their rates. The computation is also adjusted each year to reflect any increase or decrease in the Center’s Scope of Services.

The Delaware Medical Assistance Program (DMAP) requires that a new provider submit a cost report so that a rate based on reasonable costs can be established. Any new FQHC will be capped at 100% of the highest rate that Medicaid pays to a FQHC for the initial rate year.

Primary Care costs are separated from Administrative and General costs for purposes of rate calculation. The Administrative and General component is capped at 40% of the highest cost. Each cost component is inflated by the current HCFA Medicare Economic Index.

Medicaid will ensure 100% cost payments regardless of the payment mechanism.

X The rate year for FQHC services is July 1 through June 30.
X The payment methodology for FQHCs will conform to section 702 of the BIPA 2000 legislation.

The payment methodology for FQHCs will conform to the BIPA 2000 requirements Prospective Payment System.

For services provided on or after January 2, 2017 the cost of long-acting reversible contraceptives (LARCs) will be based on actual acquisition cost (AAC). The FQHC must submit a separate claim to be reimbursed for the AAC of a LARC.