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State/Territory Name: Wisconsin

State Plan Amendment (SPA) WI: 23-0024

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



Financial Management Group

February 15, 2024

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) 23-0024

Dear Ms. Kuhn:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 23-0024. Effective for services on or after October 1, 2023, this amendment will implement an update to sections 9231 and 9310 of the Wisconsin Medicaid Inpatient Hospital State Plan, altering the General Public Revenue (GPR) pool for the Supplemental Disproportionate Share Hospital (DSH) and Rural Critical Care Supplement (CCS) programs.

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 23-0024 is approved effective October 1, 2023. 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,



Rory Howe
Director

Enclosure

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER <u>2 3 — 0 0 2 4</u>	2. STATE <u>WI</u>
	3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	
TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE <u>10/01/2023</u>	
5. FEDERAL STATUTE/REGULATION CITATION <u>42 CFR Part 447 Subpart C and F</u>	6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>2023</u> \$ <u>42,071,000</u> b. FFY <u>2024</u> \$ <u>40,241,000</u>	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <u>Pages 36, 37 and 38 of the Inpatient Hospital State Plan</u>	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) <u>Pages 36, 37 and 38 of the Inpatient Hospital State Plan</u>	

9. SUBJECT OF AMENDMENT
Increase in hospital reimbursement due to Wisconsin Biennial Budget increase.

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]	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 Jamie Kuhn	
13. TITLE Medicaid Director	
14. DATE SUBMITTED 12/28/23	

FOR CMS USE ONLY

16. DATE RECEIVED December 28, 2023	17. DATE APPROVED February 15, 2024
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PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL October 1, 2023	19. SIGNATURE OF APPROVING OFFICIAL [REDACTED]
20. TYPED NAME OF APPROVING OFFICIAL Rory Howe	21. TITLE OF APPROVING OFFICIAL Director, FMG

22. REMARKS

[REDACTED]

9230 Supplemental DSH Payments for In-State Hospitals

The following section establishes supplemental disproportionate share hospital (DSH) payments for qualifying hospitals located in the State of Wisconsin. To be eligible for supplemental DSH payments under this section, hospitals must meet minimum federal requirements for Medicaid DSH payments as specified in §1923(b) and (d) of the Social Security Act [42 U.S.C. 1396r-4(b) and (d))] as well as the qualifying criteria outlined below.

9231 Introduction. Hospitals located in the State of Wisconsin may receive a supplemental DSH payment for serving a disproportionate share of low-income patients. Per 49.45(3m)(a) the annual aggregate DSH pool amount is equal to \$71,600,000 in state share general purpose revenue (GPR) plus the matching federal share of payments; a qualifying provider will receive a proportion of this pool. The DSH payment amount shall not exceed the costs incurred by the hospital during the applicable state fiscal year of furnishing hospital services (net of payments under Title XIX, other than under §1923, and net of any self-pay amounts or any other third-party payments by or on behalf of uninsured patients) with respect to individuals who are eligible under Title XIX or have no health insurance or other third party health coverage for hospital services during the state fiscal year.

9232 Qualifying Criteria. The hospital must meet the following criteria:

- a) The hospital is recognized as a hospital by DQA.
- b) The hospital is located in the State of Wisconsin.
- c) The hospital provides a wide array of services, including services provided through an emergency department recognized by DQA.
- d) The hospital has a Medicaid inpatient utilization rate (MIUR) greater than or equal to 6 percent. A hospital's MIUR is defined as the fraction (expressed as a percentage) whose numerator is the hospital's number of inpatient days attributable to patients who (for such days) were eligible for WMP and whose denominator is the total number of the hospital's inpatient days. Medicaid inpatient days (the numerator) will include WMP HMO recipient days and recipient days of other states' Medicaid programs reported by a hospital.
- e) The hospital meets applicable, minimum requirements to be a DSH under 42 USC 1396r-4 and any other applicable federal law.
- f) The hospital must meet the obstetrician requirements as specified in §9212.

9233 Amounts of DSH Allotment and Payments. The amount of the DSH payment, when combined with all other DSH payments under the Plan, shall not exceed the State DSH allotment for Wisconsin for the relevant federal fiscal year, as published by CMS pursuant to § 1923(f) of the Social Security Act [42 USC § 1396r-4(f)]. The Department sets forth a methodology as defined in §9234 for distributing supplemental DSH payments under this section among qualifying hospitals. The amount of the supplemental DSH payment to each hospital in any state fiscal year, when combined with all other DSH payments to the hospital, will not exceed the hospital's uncompensated costs including Medicaid shortfall amounts for that state fiscal year as determined under § 1923(g)(1)(A) of the Social Security Act [42 USC § 1396r-4(g)(1)(A)]. The total amount of the DSH payment will not be less than a hospital's minimum payment adjustment under the tests set forth in § 1923(c) of the Social Security Act [42 USC § 1396r-4(c)].

9234 DSH Allocation Methodology. The Department distributes supplemental DSH payments in accordance with an annual budget set on a state fiscal year basis. To distribute this supplemental DSH money among the qualifying hospitals, the Department performs a series of calculations using the following formulas:

- a) The sum of all supplemental DSH payments made to hospitals equals the annual budget amount:

$$\text{Annual Budget} = \text{Payment to Hospital 1} + \text{Payment to Hospital 2} + \dots + \text{Payment to Hospital } n$$
- b) The supplemental DSH payment made to each separately licensed, qualifying hospital for a given state fiscal year under this section is the lesser of 1) the product of its "DSH add-on percentage" and its "projected WMP inpatient fee-for-service payments" and 2) 6.77% of the \$71,600,000 in state share general purpose revenue (GPR) plus the matching federal share of payments:

$$\text{Payment to Hospital } i = \min(\text{DSH Add-On Percentage} \times \text{Projected WMP IP FFS Payments}, 6.77\% \text{ of the } \$71,600,000 \text{ in state share general purpose revenue (GPR) plus the matching federal share of payments})$$
- c) A hospital's projected WMP inpatient fee-for-service payment for a given state fiscal year is the projected payment developed through the rate setting process from one year prior; for example, the projected payments for SFY 2020 are drawn from CY 2019 projected payments.
- d) A hospital's DSH add-on percentage is its "DSH add-on factor" minus 100% (in other words, the DSH add-on factor compares base payments to total (base + DSH) payments while the DSH add-on percentage compares base payments to DSH supplemental payments only):

$$\text{DSH Add-On Percentage of Hospital } i = \text{DSH Add-On Factor of Hospital } i - 1$$
- e) A hospital's DSH add-on factor is a function of the "base DSH add-on factor" and the amount by which its MIUR exceeds 6 percent, such that a hospital with a higher MIUR receives a higher DSH add-on factor:

$$\text{DSH Add-On Factor of Hospital } i = \text{Base DSH Add-On Factor} + ((\text{MIUR of Hospital } i - 0.06) \times 0.75)$$
- f) A hospital's MIUR is the ratio of its Medicaid inpatient days to its total inpatient days, drawn from a data period two years' prior to the given state fiscal year:

$$\text{MIUR of Hospital } i = \text{Hospital } i\text{'s Total Medicaid Inpatient Days} / \text{Hospital } i\text{'s Total Inpatient Days}$$
- g) The base DSH add-on factor is determined per the constraints provided by the equations above. Since one of those equations (for the DSH supplemental payment) is nonlinear, there is no clean formula for the base DSH add-on factor; rather, it can only be derived by iteratively solving the above system of equations. This is possible due to the fact that every other variable involved in the above equations has a known value.

Given the base DSH add-on factor for a given state fiscal year, the Department employs the above formulas to calculate the DSH supplemental payment to each qualifying hospital.

NOTE: The supplemental payment described in this §9300 is NOT a disproportionate share hospital (DSH) adjustment under §1923 of the Social Security Act.

9310 Introduction. The following section establishes critical care supplement (CCS) payments for qualifying critical access hospitals located in the State of Wisconsin. The CCS pool amount is equal to \$4,500,000 GPR plus the matching federal share of payments; qualifying providers will receive a proportion of this pool. To qualify for CCS payments under this section, hospitals must not qualify for any disproportionate share hospital (DSH) payments as specified in §9200 and must meet the criteria outlined in §9311.

9311 Qualifying Criteria. To be eligible for CCS payments, a hospital must meet the following criteria:

- a) The hospital is recognized as a hospital by DQA.
- b) The hospital meets the definition of "Critical Access Hospital" under 42 C.F.R. 485, subpart F and under §3000 of this Inpatient Hospital State Plan.
- c) The hospital is located in the State of Wisconsin.
- d) The hospital provides a wide array of services, including services provided through an emergency department recognized by DQA.
- e) In the most recent year for which information is available, charged at least 6 percent of overall charges for services to the Medical Assistance program for services provided to Medical Assistance recipients.
- f) Hospitals that meet the Supplemental DSH payments qualifying criteria in §9232 (a) through (d) and (f) must be determined by the Department to be ineligible for Supplemental DSH payments under (e) in order to be eligible for the Critical Care Supplement under §9300.

9312 CCS Allocation Methodology. The Department distributes CCS payments in accordance with an annual budget set on a state fiscal year basis. To distribute this CCS money among the qualifying hospitals, the Department performs a series of calculations using the following formulas:

- a) The sum of all CCS payments made to hospitals equals the annual budget amount:
 $Annual\ Budget = Payment\ to\ Hospital\ 1 + Payment\ to\ Hospital\ 2 + \dots + Payment\ to\ Hospital\ n$
- b) The CCS payment made to each separately licensed, qualifying hospital for a given state fiscal year under this section is the product of its "CCS add-on percentage" and its "projected WMP inpatient fee-for-service payments":
 $Payment\ to\ Hospital\ i = (CCS\ Add-On\ Percentage\ x\ Projected\ WMP\ IP\ FFS\ Payments)$
- c) A hospital's projected WMP inpatient fee-for-service payment for a given state fiscal year is the projected payment developed through the rate setting process from two years' prior; for example, the projected payments for SFY 2018 are drawn from SFY 2016 projected payments.
- d) A hospital's CCS add-on percentage is its "CCS add-on factor" minus 100% (in other words, the CCS add-on factor compares base payments to total (base + CCS) payments while the CCS add-on percentage compares base payments to CCS payments only):
 $CCS\ Add-On\ Percentage\ of\ Hospital\ i = CCS\ Add-On\ Factor\ of\ Hospital\ i - 1$
- e) A hospital's CCS add-on factor is a function of the "base CCS add-on factor" and the amount by which its percentage of overall charges for Medical Assistance services exceeds 6 percent, such that a hospital with a higher percentage of overall charges for Medicaid services receives a higher CCS add-on factor:
 $CCS\ Add-On\ Factor\ of\ Hospital\ i = Base\ CCS\ Add-On\ Factor + ((Percentage\ of\ Overall\ Charges\ for\ Medical\ Assistance\ Services\ of\ Hospital\ i - 0.06) \times 0.75)$
- f) The base CCS add-on factor is determined per the constraints provided by the equations above. Since one of those equations (for the CCS payment) is nonlinear, there is no clean formula for the base CCS add-on factor; rather, it can only be derived by iteratively solving the above system of equations. This is possible due to the fact that every other variable involved in the above equations has a known value.

Given the base CCS add-on factor for a given state fiscal year, the Department employs the above formulas to calculate the CCS supplemental payment to each qualifying hospital.