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State/Territory Name: North Dakota

State Plan Amendment (SPA) #: 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 27, 2024

Sarah Aker
Director
ND Department of Human Services
600 East Boulevard Avenue, Dept. 325
Bismarck, ND 58505-0250

Re: North Dakota 23-0024

Dear Sarah Aker:

We have reviewed the proposed amendment to Attachment 4.19-A and Attachment 4.19-B of your Medicaid State plan submitted under transmittal number (TN) 23-0024. Effective for dates of services on or after July 1, 2023, this amendment implements a value-based purchasing program for in-state Prospective Payment System (PPS) inpatient and outpatient hospitals.

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 implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment TN 23-0024 is approved effective July 1, 2023. The CMS-179 and the amended plan pages are attached.

If you have any questions, please contact Christine Storey at christine.storey@cms.hhs.gov or Matthew Klein at matthew.klein@cms.hhs.gov.

Sincerely,

A solid black rectangular box used to redact the signature of the sender.

Rory Howe
Director

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

1. TRANSMITTAL NUMBER <u>2</u> <u>3</u> — <u>0</u> <u>0</u> <u>2</u> <u>4</u>	2. STATE <u>ND</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
July 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447 Subpart C

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2023 \$ 0
b. FFY 2024 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A, page 8
Attachment 4.19-B, page 10

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 4.19-A, page 8 (TN 09-023)
Attachment 4.19-B, page 10 (TN 18-0002)

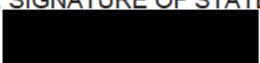
9. SUBJECT OF AMENDMENT

Amends the State Plan to implement a value-based purchasing program for in-state PPS hospitals for IP and OP services.

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:
Sarah Aker, Director
Medical Services Division

11. SIGNATURE OF STATE AGENCY OFFICIAL


12. TYPED NAME
Sarah Aker

13. TITLE
Medical Services Director

14. DATE SUBMITTED
September 28, 2023 resubmission: January 25, 2024

15. RETURN TO
Sarah Aker, Director
Medical Services Division
ND Department of Health and Human Services
600 East Boulevard Avenue Dept 325
Bismarck ND 58505-0250

FOR CMS USE ONLY

16. DATE RECEIVED: September 29, 2023

17. DATE APPROVED
February 27, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL


20. TYPED NAME OF APPROVING OFFICIAL: Rory Howe

21. TITLE OF APPROVING OFFICIAL: Director, Financial Management Group (FMG)

22. REMARKS

In-State PPS Hospital Value-Based Program

Effective July 1, 2023, in-state Prospective Payment System (PPS) hospitals shall participate in the North Dakota Medicaid Value-Based Purchasing (VBP) Program.

The North Dakota VBP program seeks to hold providers accountable for providing high quality care to Medicaid members, to be a part of the solution to reduce health disparities in the healthcare system, to maximize benefits to patients, to eliminate unnecessary procedures, and focus on keeping patients healthy rather than trying to increase the volume of services to ensure reimbursement.

Under the North Dakota VBP model, a portion of PPS hospital system inpatient reimbursement will be at risk. PPS hospital systems will be held financially accountable for satisfying program requirements and for improvement over time or maintaining high performance on a suite of quality and utilization metrics for the systems' attributed populations identified through a standardized attribution process utilizing retrospective claims data. If the systems can hit provider-specific, reasonable targets, they will see no loss of revenue. If the systems fail to hit the targets, up to 4% of Medicaid revenue, for inpatient claims dollars, incurred at PPS hospitals for attributed members would be returned to the state. Providers that achieve targets on performance measures are given a second opportunity to earn the revenue back through a redistribution pool. Any revenue that is earned back through the redistribution pool will be paid in a single aggregate payment for each performance period through the State's MMIS.

The first performance period will be 18 months (July 1, 2023 through December 31, 2024), with payment settlement by July 31, 2025. All subsequent performance periods will be on a calendar year basis with payment settlement by July 31st of the year following the performance year.

Complete details including technical information regarding program eligibility, performance measures, performance periods and payments are available on the North Dakota Department of Health and Human Services website at the following address: <https://www.hhs.nd.gov/healthcare/medicaid/provider/vbp>.

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Under the North Dakota VBP model, a portion of PPS hospital system outpatient reimbursement will be at risk. PPS hospital systems will be held financially accountable for satisfying program requirements and for improvement over time or maintaining high performance on a suite of quality and utilization metrics for the systems' attributed populations identified through a standardized attribution process utilizing retrospective claims data. If the systems can hit provider-specific, reasonable targets, they will see no loss of revenue. If the systems fail to hit the targets, up to 4% of Medicaid revenue, for outpatient claims dollars, incurred at PPS hospitals for attributed members would be returned to the state. Providers that achieve targets on performance measures are given a second opportunity to earn the revenue back through a redistribution pool. Any revenue that is earned back through the redistribution pool will be paid in a single aggregate payment for each performance period through the State's MMIS.

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