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State/Territory Name: Washington, D.C.

State Plan Amendment (SPA) #: 33/22:

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 5+"Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, M/S S3-13-15
Baltimore, MD 21244-1850



Center for Medicaid and CHIP Services (CMCS)

Ms. Linda Elam, Ph.D.
Deputy Director/Medicaid Director
Department of Health Care Finance
899 N. Capitol St., NE
Washington, D.C. 20002

SEP 21 2012

• RE: State Plan Amendment (SPA) 11-008

Dear Ms. Elam:

We have completed our review of SPA 11-008 which amends section 4.19A of the District of Columbia's Title XIX state plan. Specifically, the amendment updates the Hospital for Sick Children's base year used in computing prospective payment rates.

We conducted our review of your submittal according to the statutory requirements at Sections 1902(a)(3), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving District SPA 11-008, effective July 1, 2012. We are enclosing the HCFA-179 and the amended state plan pages.

If you have any questions, please call Gary Knight at (304) 347-5723.

Sincerely,

/s/

Cindy Mann
Director, CMCS

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER: 11-08	2. STATE District of Columbia
	3. PROGRAM IDENTIFICATION: Title XIX of the Social Security Act	
TO: Regional Administrator Centers for Medicare & Medicaid Services Department of Health and Human Services	4. PROPOSED EFFECTIVE DATE July 1, 2012	

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN
 AMENDMENT TO BE CONSIDERED AS NEW PLAN
 AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447.252 1902(a) (13), 1923 and 1902(e)(7) of the Act	7. FEDERAL BUDGET IMPACT a. FFY12 \$ 296,482 (Jul-Sept 2012) b. FFY13 \$1,216,764 c. FFY14 \$1,248,399
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19A p 7	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19 A p 7

10. SUBJECT OF AMENDMENT:

Hospital for Sick Children Medicaid Rebasing Reimbursement SPA

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

OTHER, AS SPECIFIED:

PR 19-711

12. SIGNATURE OF STATE AGENCY OFFICIAL /s/	16. RETURN TO Linda Elam, Ph.D. Deputy Director/Medicaid Director Department of Health Care Finance 899 N. Capitol St., NE, 6 th Floor Washington, DC 20002
13. TYPED NAME Linda Elam, Ph.D.	
14. TITLE Deputy Director/Medicaid Director	
15. DATE SUBMITTED June 27 2012	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: SEP 21 2012
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: Jul - 1 2012	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
21. TYPED NAME: Penny Thompson	22. TITLE: Deputy Director, CMCS
23. REMARKS:	

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5. Medicaid reimbursement for hospital inpatient services rendered during the first cost reporting period beginning on or after November 17, 1990 shall be on a per discharge basis for Children's Hospital National Medical Center, Columbia Hospital for Women, D.C. General Hospital, George Washington University Hospital, Georgetown University Hospital, Greater Southeast Community Hospital, Hadley Memorial Hospital, Howard University Hospital, Providence Hospital and Washington Hospital Center. The Hospital for Sick Children, The Psychiatric Institute, Sibley Memorial Hospital, National Rehabilitation Hospital and St. Elizabeth's Hospital shall be reimbursed based upon a per diem, rather than a per discharge basis.

Effective July 1, 2012, the Hospital for Sick Children's Medicaid payment for inpatient hospital services is based upon the Hospital's audited allowable costs per diem for the base year period defined as the Hospital's fiscal year ending December 31, 2009.

- a. Medicare principles of reimbursement for hospitals not included in the Medicare Prospective Payment system, which stipulates that reimbursement will be based upon reasonable cost limited by an operating cost per discharge amount (TEFRA Target Rate). The TEFRA Target Rate is calculated by dividing reasonable operating costs by the discharges during the base periods beginning on or after October 1, 1981 and before September 30, 1982. A hospital's rate per discharge or per diem shall be based on the reasonable cost of providing care, as determined in accordance with the Title XVIII (Medicare) principles of reimbursement applicable to hospitals not included in the Prospective Payment System, and set forth in Part 413 of Title 42 of the Code of Federal Regulations, with the following exceptions:
1. Operating costs shall be reimbursed at actual audited allowable cost, subject to the TEFRA Target Rate Ceiling. The TEFRA Target Rate Ceiling is determined by calculating a "base year" cost per discharge which is updated for inflation utilizing the update factors adopted by Medicare, except that the target rate percentage update factor for private hospitals for the hospital fiscal year that began on or after October 1, 1989 and before October 1, 1990 shall be 2.5%. The "base year" is defined as cost reporting periods beginning on or after October 1, 1981 and before September 30, 1982.
 2. If a hospital's operating costs are less than, or equal to, its target amount, the hospital shall be entitled to an incentive payment calculated pursuant to 42 CFR 413.40 (d) (2), but no costs in excess of the target amount will be allowable.