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State/Territory Name: District of Columbia

State Plan Amendment (SPA) #: 15-0009

This file contains the following documents in the order listed:

1) Approval Letter
2) CMS 179 Form/Summary Form
3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
150 S. Independence Mall West
Suite 216, The Public Ledger Building
Philadelphia, Pennsylvania 19106-3499

Region III/Division of Medicaid and Children's Health Operations

SWIFT #091620154086

February 4, 2016

Claudia Schlosberg, J.D.
Senior Deputy Director/State Medicaid Director
Department of Health Care Finance
441 4th Street, N.W., Suite 900 South
Washington, D.C. 20001

Dear Ms. Schlosberg:

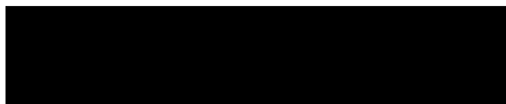
I am writing to inform you that we have reviewed the District of Columbia's State Plan Amendment (SPA) 15-009 entitled, Outpatient Hospital Services Supplemental Payments. This amendment will provide supplemental payments to eligible hospitals located within the District of Columbia that participate in the Medicaid program.

We are pleased to inform you that, after extensive review, this amendment is approved; its effective date is October 1, 2015.

A copy of the approved SPA pages and signed CMS-179 form are included under this cover.

If you have any further questions regarding this SPA, please contact Alice Robinson Penn at 215-861-4261 or by email at Alice.RobinsonPenn@cms.hhs.gov.

Sincerely,



Francis McCullough
Associate Regional Administrator

Enclosures

cc: M. Diane Fields, DHCF

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: **15-009**

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
October 1, 2015

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, Subpart C
1902 (a)(13)
1920 and 1926 of the Act

7. FEDERAL BUDGET IMPACT
a. FFY 16 $11,766,840

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B pp. 6a5-6a8

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*

Attachment 4.19-B pp 6a5-6a7

10. SUBJECT OF AMENDMENT:
Outpatient Hospital Services Supplemental Payments

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: PR21-148

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME
Claudia Schlosberg, JD

14. TITLE
Senior Deputy/State Medicaid Director

15. DATE SUBMITTED
September 15, 2015

16. RETURN TO

Claudia Schlosberg, J.D.
Senior Deputy/State Medicaid Director
Department of Health Care Finance
441 4th St. N.W., Suite 900 South
Washington, DC 20001

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED
September 15, 2015

18. DATE APPROVED February 4, 2016

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
October 1, 2015

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME
Francis McCullough

22. TITLE
Associate Regional Adminstrator

23. REMARKS

k. Outpatient Hospital Supplemental Payment

Beginning SFY 2016, each eligible hospital shall receive a supplemental hospital access payment calculated as set forth below:

1) Except as provided in Subsection (c) and (d), for visits and services beginning October 1, 2015 and ending on September 30, 2016, quarterly access payments shall be made to each eligible private hospital. Each payment shall be an amount equal to each hospital's Fiscal Year (FY) 2013 outpatient Medicaid payments divided by the total in District private hospital FY 2013 hospital outpatient Medicaid payments multiplied by one quarter (1/4) of the total outpatient private hospital access payment pool. The total outpatient private hospital access payment pool shall be equal to the total available spending room under the private hospital outpatient Medicaid upper payment limit for FY 2016 as determined by the State Medicaid agency;

2) Applicable private hospital FY 2013 outpatient Medicaid payments shall include all outpatient Medicaid payments to Medicaid participating hospitals located within the District of Columbia except for the United Medical Center;

3) In no instance shall a Disproportionate Share Hospital (DSH) hospital receive more in quarterly access payments than the hospital-specific DSH limit, as adjusted by the District in accordance with the District's State Plan for Medical Assistance (State Plan). Any private hospital quarterly access payments that would otherwise exceed the adjusted hospital-specific DSH limit shall be distributed to the remaining qualifying private hospitals based on each hospital's FY 2013 outpatient Medicaid payments relative to the total qualifying private hospital FY 2013 outpatient Medicaid payments;

4) For visits and services beginning October 1, 2015, quarterly access payments shall be made to the United Medical Center. Each payment shall be equal to one quarter of the public hospital access payment pool. The total public hospital access payment pool shall be equal to the lessor of the available spending room under the District-operated hospital outpatient Medicaid upper payment limit for FY 2016 and the United Medical Center DSH limit as adjusted by the District in accordance with the State Plan. The available spending room under the District hospital outpatient Medicaid upper payment limit (UPL) for FY 2016, is determined by using SFY 2014 data trended forward to SFY 2016, using the midpoints inflation multiplier

derived from indices in the publication, "Health-Care Cost Review" from Global Insight; and

5) For purposes of this section, the term Fiscal Year shall mean dates beginning on October 1st and ending on September 30th.

l. Appeals

All in-District and out-of-District hospitals that provide outpatient services shall be subject to the appeal and administrative review requirements described under Part V, Attachment 4.19–A of the State Plan.

Definitions

For purposes of this section, the following terms shall have the meanings ascribed:

1. **Available spending room** – The remaining room for outpatient hospital reimbursement that when combined with all other outpatient payments made under the District's Medicaid State Plan shall not exceed the allowable federal outpatient hospital upper payment limited specified in b42 CFR 447.321.
2. Base year – The standardized year on which rates for all hospitals for outpatient hospital services are calculated to derive a prospective payment system.
3. Budget target- The total amount of claims payment that DHCF anticipates spending on all hospital outpatient claims during its fiscal year.
4. Conversion Factor – The dollar value which is dependent upon the District's budget target and multiplied by the final EAPG weight for each EAPG on a claim to determine the total allowable payment for a visit.
5. Consolidation – Collapsing multiple significant procedures into one EAPG during the same visit which is then used to determine payment under the EAPG classification system reimbursement methodology.
6. Department of Health Care Finance – The single state agency responsible for the administration of the District of Columbia's Medicaid program.
7. Discounting - The reduction in payment for an EAPG when significant procedures or ancillary services are repeated during the same visit or in the presence of certain CPT/HCPCS modifiers.

8. Disproportionate Share Hospital – A hospital located in the District of Columbia that meets the qualifications established pursuant to Section 1923(b) of the Social Security Act (42 U.S.C. 1396r-4).

9. DHCF Fiscal year – The period between October 1st and September 30th; used to calculate the District's annual budget.

10. Eligible Hospital – A hospital located in the District of Columbia that participates in the District of Columbia Medicaid program

11. Enhanced Ambulatory Patient Grouping (EAPG) – A group of outpatient procedures, encounters, and/or ancillary services reflecting similar patient characteristics and resource use; incorporates the use of diagnosis codes Current Procedural Terminology (CPT)/Healthcare Common Procedure Coding System (HCPCS) procedure codes, and other outpatient data submitted on the claim.

12. EAPG Grouper/Pricer Software – A system designed by 3M Health Information Systems to process HCPCS/CPT and diagnosis code information in order to assign patient visits at the procedure code level to the appropriate EAPG and apply appropriate bundling, packaging, and discounting logic to calculate payments for outpatient visits.

13. EAPG Relative Weight -The national relative weights calculated by 3M Health Information Systems.

14. EAPG Adjusted Relative Weight – The weight assigned to the patient grouping after discounting, packaging, and/or consolidation.

15. General Hospital- A hospital that has the facilities and provides the services that are necessary for the general medical and surgical care of patients, including the provision of emergency care by an Emergency Department in accordance with 22-B DCMR § 2099.

16. Hospital-specific DSH limit – The federal requirement limiting hospital disproportionate share hospital (DSH) payments to the uncompensated care of providing inpatient and outpatient hospital services to Medicaid and uninsured individuals, consistent with Section 8 of Attachment 4.19-A of the District's Medicaid State plan.

17. New Hospital**-** A hospital without an existing Medicaid provider agreement that is enrolled to provide Medicaid outpatient hospital services, after September 30, 2014.

18. In-District Hospital- Any hospital that is located within the District of Columbia in accordance with 22-B DCMR§ 2099.

19. Observation Status – Services rendered after a physician writes an order to evaluate the patient for services and before an order for inpatient admission is prescribed.

20. Outpatient Hospital Services – Preventative, diagnostic, therapeutic, rehabilitative, or palliative services rendered in accordance with 42 C.F.R. § 440.20(a).

21. Out-of-District hospital- Any hospital that is not located within the District of Columbia. The term does not include hospitals located in the State of Maryland and specialty hospitals identified at 22-B DCMR § 2099.

22. Packaging – Including or wrapping payment for certain services in the EAPG payment, along with services that are ancillary to a significant procedure or medical visit.

23. Specialty Hospital - A hospital that meets the definition of "special hospital" as set forth in 22-B DCMR § 2099 as follows:

    (a) Defines a program of specialized services, such as obstetrics, mental health, orthopedics, long term acute care, rehabilitative services or pediatric services;

    (b) Admits only patients with medical or surgical needs within the defined program; and

    (c) Has the facilities for and provides those specialized services

24. Upper payment limit – The federal requirement limiting outpatient hospital Medicaid reimbursement to a reasonable estimate of the amount that would be paid for the services furnished by the group of facilities under Medicare payment principles consistent with 42 C.F.R. 447.321.

25. Visit – A basic unit of payment for an outpatient prospective payment system.