

## **Table of Contents**

**State/Territory Name: Georgia**

**State Plan Amendment (SPA) #:15-0011**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 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



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**Financial Management Group**

**January 22, 2016**

Ms. Linda Wiant  
Director of Medicaid Assistance Plans  
Medicaid Division  
Georgia Department of Community Health  
9 Peachtree Street, NW, Suite 36-450  
Atlanta, GA 30303-3159

RE: Georgia 15-011

Dear Ms. Wiant:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 15-011. Effective January 1, 2016 this amendment proposes to revise the payment methodology for hospital services. Specifically, this amendment proposes to update the Tricare Diagnosis Related Groups (DRG) Grouper from version 30 to 33 to more accurately group claims using International Classification of Diseases 10 (ICD-10).

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We have found that the proposed changes in payment methodology comply with applicable requirements and therefore have approved them with an effective date of January 1, 2016. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Stanley Fields at (502) 223-5335.

Sincerely,

//s//

Kristin Fan  
Director

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: TN 15-011	2. STATE GEORGIA
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE <b>January 1, 2016</b>	
5. TYPE OF PLAN MATERIAL ( <i>Check One</i> ):			
<input type="checkbox"/> NEW STATE PLAN                      AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT ( <i>Separate Transmittal for each amendment</i> )			
6. FEDERAL STATUTE/REGULATION CITATION: 42 C.F.R. § 447.205		7. FEDERAL BUDGET IMPACT: FFY 2015 \$0 FFY 2016 \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  State Plan Section 4.19 A page 12		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  State Plan Section 4.19 A page 12	
10. SUBJECT OF AMENDMENT: Effective January 1, 2016, DCH proposes a cost neutral update to the Medicaid Inpatient Prospective Payment System methodology, specifically to update the Tricare Grouper from Version 30 to Version 33, in order to more accurately group claims using ICD-10 and control inpatient claims cost.			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input type="checkbox"/> OTHER, AS SPECIFIED: <b>Single State Agency Comments Attached</b>	
12. SIGNATURE OF STATE AGENCY OFFICIAL: //s//		16. RETURN TO: Department of Community Health Division of Medicaid 2 Peachtree Street, NW, 36 <sup>th</sup> Floor Atlanta, Georgia 30303-3159	
13. TYPED NAME: Linda Wiant			
14. TITLE: Chief, Division of Medicaid			
15. DATE SUBMITTED: 12/15/15			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: 12/29/15		18. DATE APPROVED: 01/22/16	
<b>PLAN APPROVED – ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 01//01/16		20. SIGNATURE OF REGIONAL OFFICIAL: //s//	
21. TYPED NAME: Kristin Fan		22. TITLE: Director, FMG	
23. REMARKS: Approved with the following changes as authorized by state agency on email dated 01/21/16:			
Block #7 changed to read: FFY 2016 and FFY 2017.			
Block # 8 changed to read: Section 4.19-A Page 14.			
Block # 9 changed to read: Section 4.19-A Page 14.			

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METHODS AND STANDARDS FOR REESTABLISHING PAYMENT RATES  
INPATIENT SERVICES

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Out-of-state facilities under the DRG system will receive payments using the same payment formulas as stated in Sections A, B and C. However, the components of the formulas will be calculated on a statewide average. An out-of-state facility will receive a hospital specific base rate that is equal to the statewide average rate for the appropriate peer group in which the hospital is classified, a capital add-on payment equal to the statewide average add-on payment for the appropriate peer group, and a cost-to-charge ratio that is equal to the Georgia statewide average of the cost-to-charge ratios. For dates of admission on or after July 1, 2015, capital costs will be reimbursed as part of the statewide average base rate instead of via the capital add-on payment.

#### 4. New Medicaid Providers

Prospective payment rates for established facilities which did not submit a hospital-specific Medicare cost report because the facility did not participate in the Medicaid program will be determined in the same manner as a new facility stated in section D.1.

#### E. DRG Grouper

For admissions on and after January 1, 2008, the grouper used to classify cases into DRG categories will be TRICARE Grouper version 24.0. For admissions on and after April 1, 2014, the grouper used to classify cases into DRG categories will be TRICARE Grouper version 30.0. For admissions on and after January 1, 2016, the grouper used to classify cases into DRG categories will be TRICARE Grouper version 33.0. The grouper used to assign claims to DRG categories, as well as the corresponding DRG weights and threshold amounts, may be updated periodically.

For dates of service from April 1, 2014 through June 30, 2015 and for hospitals whose net TriCare DRG Version 30 payment change results in a gain or a loss of greater than \$10 million, the Department shall apply a stop-loss/gain corridor. The stop-loss/gain amount will be stated in a per case value, and solely for payment administration purposes, it will be combined with the hospital's per case capital add-on payment.

- For Dates of Service from April 1, 2014 through March 31, 2015, the stop-loss/gain corridor shall result in a \$17 million transfer from the hospital with the largest gain to the hospital with the largest loss.
- For Dates of Service from April 1, 2015 through June 30, 2015, the stop-loss/gain corridor shall result in a \$10 million transfer from the hospital with the largest gain to the hospital with the largest loss.

2. For dates of service from July 1, 2015 through June 30, 2017 and for hospitals whose net payment change due to the July 1, 2015 update to the inpatient services rate results in a gain in or loss exceeding a certain percentage, the Department shall apply a stop-loss corridor as follows: