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State/Territory Name: Guam

State Plan Amendment (SPA) #: 17-001

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

SEP 06 2017

MA Theresa L. Arcangel
Health Services Administrator
Department of Public Health and Social Services
Bureau of Health Care Financing
123 Chalan Kareta
Mangilao, Guam 96913-6304

RE: Guam SPA 17-001

Dear Ms. Arcangel:

We have reviewed the proposed amendment to Attachments 4.19-A and 4.19-B of your Medicaid state plan submitted under transmittal number (TN) 17-001. This amendment, effective June 3, 2017, revises Guam's on-island inpatient hospital and outpatient hospital rates. Previously, Guam's on-island inpatient hospital and outpatient hospital rates were set at 100% of each hospital's Medicare interim rates. With this amendment the two on-island hospitals would now receive different rates - the hospital with the lower Medicare interim rates will continue to receive 100% of the Medicare interim rates; the hospital with the higher Medicare interim rates will now receive 80% of the Medicare interim inpatient hospital rate and 90% of the Medicare interim outpatient hospital rate. Furthermore, a hospital will not be paid more than its customary charges, and the plan language will allow Guam Medicaid to negotiate lower rates with the hospitals, should the need arise.

We conducted our review of your submittal according to the statutory requirements at sections 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.

Our review considered whether the payments under this amendment would be consistent with Section 1902(a)(30)(A), in that they are "consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area." Guam as a Pacific territory is unique from other states' Medicaid programs in that the one on-island hospital provided adequate access to beneficiaries until a second hospital opened and was certified to provide Medicare and Medicaid services in January of 2016. Both hospitals now treat Medicaid patients as well as Medicare patients and the general population in Guam. For emergency services and other covered services that are not available on-island,

Guam also has an off-island program where Medicaid beneficiaries can receive care from off-island and out-of-country providers if necessary.

As stated above, Guam's on-island inpatient hospital and outpatient hospital rates were previously set at 100% of a hospital's Medicare interim rates. The new on-island hospital's Medicare interim rates were initially comparable to those of the existing on-island hospital. However, in November 2016, the new hospital's Medicare interim inpatient hospital rate was increased to nearly five times (500%) of its initial rate, while its Medicare interim outpatient hospital rate also had a sizable increase. Guam does not believe that it is economical or efficient to pay one hospital five times more than it pays the other for comparable services and that it must take action to curb the excessive Medicaid spending resulting from the Medicare interim rate increases. With this amendment, the hospital with the lower Medicare interim rates will continue to receive 100% of the Medicare interim rates; the hospital with the higher Medicare interim rates will now receive 80% of its Medicare interim inpatient hospital rate and 90% of its Medicare interim outpatient hospital rate.

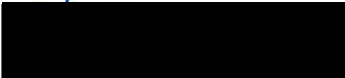
The result is that the new hospital would still receive higher Medicaid rates than its initial Medicaid rates, albeit not at 100% of the increased Medicare interim rates. In response to the new hospital's concern about this amendment, Guam said that it will continue to monitor the Medicare interim rates and will take additional action to amend the Medicaid rates should the need arise. Furthermore, Guam will monitor utilization data for both hospitals for any indication of diminished access.

Guam has historically provided hospital services with only one on-island hospital to its population. It has the ability to revise the rate to a new provider. Giving full consideration to the circumstances described above, we conclude that the payments under this amendment are economical and efficient, and that with two participating hospitals as well as the availability of Guam's off-island Medicaid referral program, there is no indication that quality of care or access to care for Medicaid beneficiaries relative to that of the general population would be diminished.

This is to inform you that Medicaid State plan amendment TN 17-001 is approved effective June 3, 2017. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,


Kristin Fan
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
17-001

2. STATE
Guam

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION:
TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
June 3, 2017

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:

Title XIX of the Social Security Act
42 CFR 440.10
42 CFR 440.20

7. FEDERAL BUDGET IMPACT:

a. FFY 2017 -\$1,077,669.72
b. FFY 2018 -\$3,233,009.06

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A Pgs: 1-2 Page 1
Attachment 4.19-B Pgs. 1-5

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

Attachment 4.19-A Pgs: 1-2 Page 1
Attachment 4.19-B Pgs. 1-5

10. SUBJECT OF AMENDMENT:

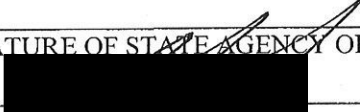
Guam Medicaid Inpatient and Outpatient Payment Methodology

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:
The Governor's Office does not
wish to review the State Plan Amendment.

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:
EDDIE BAZA CALVO

16. RETURN TO:

Department of Public Health & Social Services
Bureau of Health Care Financing Administration
123 Chalan Kareta
Mangilao, GU 96913-6304

14. TITLE:
GOVERNOR OF GUAM

15. DATE SUBMITTED:

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: SEP 06 2017

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
JUN 03 2017

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME: Kristin Fan

22. TITLE: Director, FMC

23. REMARKS:

Pen and ink changes made to Boxes 8 and 9 by CMS regional office with concurrence from Guam Medicaid on 8/31/2017.

GUAM PAYMENT FOR INPATIENT HOSPITAL SERVICES

I. Payment Rates

1) Guam Hospitals

(a) Medicaid will pay all Guam inpatient hospital services that are covered by the Medicaid Program the lowest of the following:

- i) hospital's current Medicare Interim Rate;
- ii) 80% of hospital's current Medicare Interim Rate if the hospital's Medicare Interim Rate exceeds the lowest prevailing on-island hospital Medicare Interim Rate;
- iii) negotiated rate of hospital's current Medicare Interim Rate.

2) Off-Island Hospitals

(a) For Hawaii hospitals, Medicaid will pay based on the individual hospital's Medicare Interim rate for the service, reimbursable on a claims basis.

(b) For California hospitals, Medicaid will pay based on the individual hospital's Medicare Interim rate for the service, reimbursable on a claims basis.

(c) All other hospitals, Medicaid will pay based on the individual hospital's Medicare Interim rate for the service, reimbursable on a claims basis.

(d) For services that cannot be provided by a provider that accepts payments under (a) through (c), Medicaid will pay based on the Charged Master w/discount of 45 to 55% or at negotiated rates that will not exceed the provider's customary charge.

(e) Out of Country hospitals, Medicaid will pay based on negotiated rates not to exceed 90% of Provider's Usual Customary Charges.

3) The Medicare Interim Rate is Medicare's annually computed interim payment rate, based on the hospital's latest available cost report, which estimates as closely as possible the Medicare actual reimbursable inpatient hospital cost for the service period.

4) Administrative Days. Reimbursement for patients receiving services at a Skilled Nursing Facility (SNF) level of care in an acute bed under conditions similar to those described in Section 1861 (v)(1)(G) of the Social Security Act will be at the same rate paid for SNF services provided to patients in GMH's SNF. The methodology and standards used to determine these rates are described under 4.19 Attachment D of this State Plan.

5) Medicaid shall not pay providers more than the billed charges.

Attachment 4.19-B

The Agency uses the following reimbursement principles in paying for each type of medical service:

A. Physician Services

1. Primary Care Physician Services/Evaluation and Management Services

Effective January 1, 2011, Medicaid will use the 100% Current Hawaii Medicare Fee Schedule published at <https://med.noridianmedicare.com>.

If the fee schedule is not available and not covered by Medicare, Medicaid will utilize the Current Medicare RBRVS Fee Schedule calculated based on Hawaii locality and Current Medicare Conversion Factor available at the Bureau of Health Care Financing Administration (BHCFA) office.

2. Anesthesia Services

Effective January 1, 2011, Medicaid will use the [2008 Crosswalk American Society of Anesthesiologist (ASA) Base Anesthesia Unit + Time Unit + ASA Physical Status Unit (any modifying factor/qualifying circumstance)] x Current Hawaii Medicare Fee Schedule Conversion Factor (CF) published at <https://med.noridianmedicare.com>. Time Unit is based on 15 minutes increments.

3. Surgery and All Other Physician Services

Effective January 1, 2011, Medicaid will use the 100% Current Hawaii Medicare Fee Schedule published at <https://med.noridianmedicare.com>.

If the fee schedule is not available and not covered by Medicare, Medicaid will utilize the Current Medicare RBRVS Fee Schedule calculated based on Hawaii locality and Current Medicare Conversion Factor available at the Bureau of Health Care Financing Administration (BHCFA) office.

Assistant Physician Surgeon will be paid at 15% of Surgeon's Fee.

B. Other Practitioner Services

Effective January 1, 2011, Medicaid will pay at 65% of Current Hawaii Medicare Fee Schedule published at <https://med.noridianmedicare.com> for Nurse Midwives and 85% of Current Hawaii Medicare Fee Schedule published at <https://med.noridianmedicare.com> for all Other Practitioners.

C. Clinic Services

Effective January 1, 2011, Medicaid will pay the same reimbursement and methodology used to pay physician services (see Item A).

D. Laboratory Services

Payment will be the lowest of the billed charges or the Current Hawaii Medicare Fee Schedule published at <https://med.noridianmedicare.com>.

E. Radiological Services

Effective January 1, 2011, Medicaid will use the 100% Current Hawaii Medicare Fee Schedule published at <https://med.noridianmedicare.com>.

If the fee schedule is not available and not covered by Medicare, Medicaid will utilize the Current Medicare RBRVS Fee Schedule calculated based on Hawaii locality and Current Medicare Conversion Factor available at the Bureau of Health Care Financing Administration (BHCFA) office.

F. Drugs

Medicaid implements the drug formulary which includes the name of drugs covered by Medicaid, the strength, the MAC and maximum and minimum allowable quantity effective July 1, 1991. The MAC is based on the lowest updated Average Wholesale price on the Red/Blue Book and/or Medispan, plus a reasonable dispensing fee of \$4.40 which is 60% more than its previous years' dispensing fee of \$2.75.

Note: The agency will review and update the drug formulary annually, in January.

If the pharmacist has in his inventory drugs with ingredient costs less than the MAC of acceptable quantity, he is required to charge Medicaid at the lower cost. (*MAC as used by Guam means the upper limit payable for any service under Medicaid.) In case of HHS/MAC drugs, Guam uses the rate set by the Secretary of HHS.

G. Eyeglasses

Medicaid will pay provider charges for corrective eyeglasses, not to exceed eighty dollars (\$80.00) and bifocal eyeglasses not to exceed one hundred twenty eight dollars (\$128.00) including lens and frame.

H. Dental Services

Effective January 1, 2011, Medicaid will use the 40% of 2001 American Dental Association Fee Schedule available at the BHCFA office.

I. Medical Supplies and Equipments

Medicaid pays based on Current Hawaii Medicare Fee Schedule published at <https://med.noridianmedicare.com> and not to exceed provider's acquisition cost.

J. Hearing Aids

Medicaid pays the provider's charges not to exceed provider's acquisition cost.

K. Hospital Ancillary Services

Medicaid will pay Guam hospital ancillary services including operating room, laboratory, x-ray, physical, occupational and inhalation therapy; renal dialysis; etc., the lowest of the following:

- i) hospital's current Medicare Interim Rate;
- ii) 90% of hospital's current Medicare Interim Rate if the hospital's Medicare Interim Rate exceeds the lowest prevailing on-island hospital Medicare Interim Rate;
- iii) negotiated rate of hospital's current Medicare Interim Rate.

L. Hospital Physical and Occupational Therapy

Medicaid will pay outpatient hospital physical and occupational therapy services without limitation the lowest of the following:

- i) hospital's current Medicare Interim Rate;
- ii) 90% of hospital's current Medicare Interim Rate if the hospital's Medicare Interim Rate exceeds the lowest prevailing on-island hospital Medicare Interim Rate;
- iii) negotiated rate of hospital's current Medicare Interim Rate.

This reimbursement will encompass both the professional and the facility component of all Physical and Occupational Therapy services.

M. Home Health Services

Medicaid pays Home Health services according to the CMS Federal Register National Per-Visit Rate (Federal Register Website).

N. Ambulatory Surgical Services

Effective January 1, 2011, Medicaid will pay according to the negotiated rates starting at Current Hawaii Medicare Fee Schedule published at <https://med.noridianmedicare.com> and not to exceed 70% of Provider's Usual Customary Charges.

O. Hospice Care

Effective January 1, 2011, Medicaid will pay according to the Annual Hospice Rates Established under Medicare published at <https://med.noridianmedicare.com>.

P. Medical Transportation Services

Effective January 1, 2011, Medicaid will pay medical transportation services on negotiated rates starting at Current Hawaii Medicare Fee Schedule published at <https://med.noridianmedicare.com> and not to exceed 70% of Provider's Usual Customary Charges.

Medicaid does not reimburse for non-emergency medical transportation expense on the usage of their car or transportation provided by friends, family or bus because Guam is 30 miles long and 4 miles to 12 miles wide, and the distance of travel and associated costs are minimal.

Q. Free-Standing Birthing Center Services

Effective January 1, 2011, Medicaid will pay according to the negotiated rates starting at the lowest Guam hospital Medicare Interim Rates and not to exceed 70% of Provider's Usual Customary Charges.

R. Outpatient Hemodialysis Services

Effective January 1, 2011, Medicaid will pay according to the Facility's Current Medicare Interim Rate.

S. Outpatient and Emergency Room Services

Medicaid will pay outpatient and emergency room services the lowest of the following:

- i) hospital's current Medicare Interim Rate;
- ii) 90% of hospital's current Medicare Interim Rate if the hospital's Medicare Interim Rate exceeds the lowest prevailing on-island hospital Medicare Interim Rate;
- iii) negotiated rate of hospital's current Medicare Interim Rate.

T. Wellness and Fitness Services-Applicable to the Alternative Benefit Plan only

Medicaid will pay provider charges for Well ness services not to exceed two hundred dollars (\$200.00) per Medicaid beneficiary annually, unless prior authorization is granted. Medicaid will pay providers for Fitness services not to exceed 90% of the monthly membership fees.

U. Mental Health Rehabilitative Services

Medicaid will pay provider for mental health rehabilitative services as follows:

Service Plan Development/Crisis Evaluation Plan-\$24.80 first 15 minutes; \$16.00 per next 15 minutes increment; maximum 3 hours.

Therapy and Medication Management - Medicaid will reimburse all therapy services, including individual therapy, group therapy and family counseling, at the Medicaid reimbursement rate for "Other Practitioner Services" as described in Attachment 4.19-B, page 1, Item B.

Care Coordination-\$10.40 first 15 minutes; \$8.00 per next 15 minutes increment; maximum 1.5 hours.

V. Hospital-Based Clinic Services

Medicaid will pay hospital-based clinic services the lowest of the following:

- i) hospital's current Medicare Interim Rate;
- ii) 90% of hospital's current Medicare Interim Rate if the hospital's Medicare Interim Rate exceeds the lowest prevailing on-island hospital Medicare Interim Rate;
- iii) negotiated rate of hospital's current Medicare Interim Rate.

On-Island Providers will be reimbursed based on the methodologies described under (A) through (V). Off-Island Providers will also be reimbursed based on the methodologies described under (A) through (V), except for (K), (L), (S), (T), (U), and (V). Off-Island Hospital outpatient services, described in paragraphs (K), (L), (S) and (V) are reimbursed at the off-island hospital's Medicare interim rate. Paragraphs (T) and (U) are not applicable for off-island.

For Off-Island Providers that will not accept payments as described in the previous paragraph and the service is evident to save life or significantly alter an adverse prognosis or the prognosis for survival and recovery requires the immediate medical service, Medicaid will negotiate competitive rates starting at the above reimbursement rates, with consideration of current Hawaii Medicare Fee Schedule published at contracted provider's website, and not to exceed 70% of Provider's Usual Customary Charges.

Out of Country Providers will be reimbursed based on negotiated rate not to exceed the Current Hawaii Medicare Fee Schedule for service under (A) through (S) and (V) above. If the fee schedule is not available and not covered by Medicare, reimbursement will be based on negotiated rate not to exceed 100% of Contracted Out-of-Country Provider's Usual Customary Charges/Acquisition Cost.

Except as otherwise noted in the plan, territory-developed fee schedule rates are the same for both governmental and private providers and providers shall not be paid more than the billed charges, as outlined in items A to V above.

All providers are required to submit claims within one (1) year from the date of service except for Medicaid with Third Party Liability (TPL) which should be submitted within sixty (60) days from the receipt date of the TPL payments/statements.

Medicaid will pay the full amount of deductible, co-payment, and co-insurance for recipients who have Medicaid with TPL coverage provided the service charges are covered under the Guam Medicaid State Plan and not to exceed the Medicaid applicable reimbursement methodology outlined under (A) through (V) above.

Medicaid does not pay Non-Participating except in emergency cases, Medicaid will pay up to the Medicaid applicable reimbursement methodology outlined under (A) through (S), (U) and (V) above and Medicaid is the Payor of Last Resort.

Non-Payment for Health Care-Acquired Conditions and Provider-Preventable Conditions [42 CFR 447, 434, 438, and 1902(a)(4), 1902(a)(6), and 1903]

• Payment Adjustment for Provider-Preventable Conditions

The Medicaid agency meets the requirements of 42 CFR Part 447, Subpart A, and sections 1902(a)(4), 1902(a)(6), and 1903 with respect to non-payment for provider preventable conditions.

• Other Provider-Preventable Conditions (OPPC)

Guam identifies the following Other Provider-Preventable Conditions for non-payment under Section 4.19-B of this State Plan.

X Wrong surgical or other invasive procedure performed on a patient; surgical or other invasive procedure performed on the wrong body part; surgical or other invasive procedure performed on the wrong patient.

_____ Additional Other Provider-Preventable Conditions identified below:

Any charges related to OPPC shall be denied.