



Region 10
2201 Sixth Avenue, MS/RX 43
Seattle, Washington 98121

MAR 04 2011

Richard Armstrong, Director
Department of Health and Welfare
Towers Building – Tenth Floor
Post Office Box 83720
Boise, Idaho 83720-0036

RE: Idaho State Plan Amendment (SPA) Transmittal Number 10-013

Dear Mr. Armstrong:

The Centers for Medicare & Medicaid Services (CMS) Seattle Regional Office has completed its review of Idaho State Plan Amendment (SPA) Transmittal Number 10-013. This amendment removes previously implemented reductions to outpatient hospital reimbursement rates for specific hospitals. The revised rate methodology is reflected on Attachment 4.19-B, page 1a.

This SPA is approved effective July 3, 2010.

If you have any additional questions or require any further assistance, please contact me, or have your staff contact Tom Couch at 334-9482 or Thomas.Couch@cms.hhs.gov.

Sincerely,

Barbara K. Richard
Associate Regional Administrator
Division of Medicaid and Children's Health
Operations

cc:

Leslie Clement, Administrator, Idaho Department of Health and Welfare
Rachel Strutton, State Plan Coordinator, Idaho Department of Health and Welfare

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

1. TRANSMITTAL NUMBER:
10-013

2. STATE
IDAHO

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
July 3, 2010

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 447.205

7. FEDERAL BUDGET IMPACT: ~~FFY 2010 (7/1/10-6/30/10) \$789K (net)~~
For SFY 2011 Total federal savings \$0.4 million.
~~FFY 2010 \$1,188,394 FFY 2011 \$3,565,182 (PHE)~~

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

ATTACHMENT: 4.19-B page 1a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
ATTACHMENT: 4.19-B page 1a

10. SUBJECT OF AMENDMENT:
This change is being made to clarify which hospitals will receive out-patient cost reductions.

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:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
LESLIE M. CLEMENT

14. TITLE:
Administrator

15. DATE SUBMITTED: 8-26-10

16. RETURN TO:

Leslie M. Clement, Administrator
Idaho Department of Health and Welfare
Division of Medicaid
PO Box 83720
Boise ID 83720-0036

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: **AUGUST 26 2010**

18. DATE APPROVED: **MAR 04 2011**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVAL: **JUL 03 2010**

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Barbara K. Richards

22. TITLE: Associate Regional Administrator
Division of Medicaid &
Children's Health

23. REMARKS:

Pen and Ink changes authorized by the state on 10/22/10.
Pen and Ink changes authorized by the state on 2/3/2011.

ATTACHMENT 4.19-B

Page - 1a

- ii. Hospital Outpatient Surgery. Those items furnished by a hospital to an outpatient in connection with Ambulatory Surgical Center must be surgical procedures covered by Idaho Medicaid. The aggregate amount of payments for related facility services, furnished in a hospital on an outpatient basis, is equal to the lesser of:
 - a. The hospital's reasonable costs as reduced by federal mandates to certain operating costs, capital costs, customary charges; or
 - b. The blended payment amount which is based on hospital specific cost and charge data and Medicaid rates paid to freestanding Ambulatory Surgical Centers.
 - c. The blended rate for dates of service on or after July 1, 1995, is equal to the sum of forty-two percent (42%) of the hospital specific amount and fifty-eight percent (58%) of the ASC amount.
- iii. Hospital Outpatient Radiology Services. Radiology services include diagnostic and therapeutic radiology, nuclear medicine, CAT scan procedures, magnetic resonance imaging, ultrasound and other imaging services.
 - a. The aggregate payment for hospital outpatient radiology services furnished on or after July 1, 1995, will be equal to the lesser of:
 - b. the hospital's reasonable costs; or
 - c. the hospital's customary charges; or
 - d. the blended payment amount for hospital outpatient radiology equal to the sum of forty-two percent (42%) of the hospital specific amount and fifty-eight percent (58%) of the Department's fee schedule amount.
 - e. The hospital specific amount will have operating costs and capital amounts reduced by any percentages mandated by the federal government for the Medicare program.
- iv. Reduction to Outpatient Hospital Costs. Outpatient costs not paid according to the Department's established fee schedule, including the hospital specific component used in the blended rates, will be reduced by five and eight-tenths percent (5.8%) of operating costs and ten percent (10%) of each hospital's capital component. This reduction will only apply to the following provider classes:
 - a. In-state hospitals specified in Section 56-1408 (version as of July 1, 2010), Idaho Code, that are not a Medicare-designated sole community hospital or rural primary care hospital.
 - b. Out-of-state hospitals that are not a Medicare-designated sole community hospital or rural primary care hospital.
- v. Payments for Hospitals Without Cost Settlement. Those out-of-state hospitals not cost settling with the state will have annually adjusted rates of payment no greater than eighty percent (80%) of outpatient covered charges or the Department's established fee schedule for certain outpatient services. This rate represents an average outpatient reimbursement paid to Idaho hospitals.
- vi. The agency's rates are set from 07/01/80 on and are effective for services on or after that date. All rates are published on the numerical fee schedule at the agency's web site:

<http://www.healthandwelfare.idaho.gov>

"Outpatient Hospital Services" are described in Idaho's Basic Benchmark Benefit Plan in Section 3.B.2., and in Idaho's Enhanced Benchmark Benefit Plan in Section 3.B.2.