

Department of Health & Human Services  
Centers for Medicare & Medicaid Services  
233 North Michigan Avenue, Suite 600  
Chicago, Illinois 60601-5519



May 21, 2012

Mrs. Patricia Casanova, Director of Medicaid  
Indiana Office of Medicaid Policy and Planning  
402 West Washington Street, Room W382  
Indianapolis, Indiana 46204

ATTN: Audie Gilmer

Dear Mrs. Casanova:

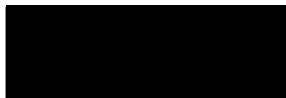
Enclosed for your records is an approved copy of the following State Plan Amendment (SPA).

Transmittal #11-023 - Approves Indiana's amendment to impose an outpatient hospital assessment fee and revised outpatient hospital reimbursement methodology effective July 1, 2011 to June 30, 2013.

--Effective Date: July 1, 2011



If you have any questions, please have a member of your staff contact Shelley Rania at (317) 614-0036 or by email at [Shelley.Rania@cms.hhs.gov](mailto:Shelley.Rania@cms.hhs.gov)

Sincerely,



Alan Freund  
Acting Associate Regional Administrator  
Division of Medicaid and Children's Health Operations

Enclosure

|  |  |  |                     |
|--|--|--|---------------------|
| <b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>   |  | 1. TRANSMITTAL NUMBER:<br>11-023   | 2. STATE<br>Indiana |
| FOR: HEALTH CARE FINANCING ADMINISTRATION  |  | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)   |                     |
| TO: REGIONAL ADMINISTRATOR<br>HEALTH CARE FINANCING ADMINISTRATION<br>DEPARTMENT OF HEALTH AND HUMAN SERVICES  |  | 4. PROPOSED EFFECTIVE DATE<br>July 1, 2011   |                     |
| 5. TYPE OF PLAN MATERIAL (Check One):  |  |  |                     |
| <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT  |  |  |                     |
| COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)  |  |  |                     |
| 6. FEDERAL STATUTE/REGULATION CITATION:<br>1902(a)(13)(A), 1923 of the Social Security Act<br>42 CFR 447.321   |  | 7. FEDERAL BUDGET IMPACT:<br>a. FFY 2011 \$8,170 Thousands<br>b. FFY 2012 \$33,380 Thousands   |                     |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:<br><br>Attachment 4.19B page 2.0<br>Attachment 4.19B pages 6 through 6   |  | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):<br>Attachment 4.19B page 2.0<br>Attachment 4.19B pages 6 through 6  |                     |
| 10. SUBJECT OF AMENDMENT:<br>This SPA makes changes to the State Plan as a result of changes made to Indiana State Law by House Enrolled Act (HEA) 1001 (2011), including the implementation of an assessment fee on most hospitals, the revision of the reimbursement methodology for inpatient hospitals. The fees imposed will be utilized to cover the non-federal share of DSH payments as well as to increase Medicaid payment rates to the aggregate level of reimbursement that would be paid under Medicare payment principles. |  |  |                     |
| 11. GOVERNOR'S REVIEW (Check One):   |  |  |                     |
| <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT<br><input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED<br><input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL  |  | <input checked="" type="checkbox"/> OTHER, AS SPECIFIED:<br><br><b>Indiana's Medicaid State Plan does not require the Governor's review. See Section 7.4 of the State Plan</b>   |                     |
| 12. SIGNATURE OF SUBMITTER:<br>   |  | 16. RETURN TO:<br>Patricia Casanova<br>Director of Medicaid<br>Indiana Office of Medicaid Policy and Planning<br>402 West Washington Street, Room W382<br>Indianapolis, IN 46204<br>ATTN: Audie Gilmer, State Plan Coordinator |                     |
| 13. TYPED NAME: Patricia Casanova  |  |  |                     |
| 14. TITLE: Director of Medicaid  |  |  |                     |
| 15. DATE SUBMITTED:<br>9-30-11   |  |  |                     |
| <b>FOR REGIONAL OFFICE USE ONLY</b>  |  |  |                     |
| 17. DATE RECEIVED:<br>9/30/2011  |  | 18. DATE APPROVED:<br>5/21/2012  |                     |
| PLAN APPROVED - ONE COPY ATTACHED  |  |  |                     |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL:<br>7/1/2011   |  | 20. SIGNATURE OF REGIONAL OFFICIAL:<br>  |                     |
| 21. TYPED NAME:<br>Alan Freund   |  | 22. TITLE:<br>Acting Associate Regional Administrator  |                     |
| 23. REMARKS:   |  |  |                     |

### **Outpatient Hospital Services**

The rates paid to outpatient hospital providers for services provided on and after January 1, 2010, and in accordance with methods described in Attachment 4.19-B in the Outpatient Hospital Services section are subject to a 5% reduction. The 5% rate reduction will remain in effect through June 30, 2011 and will be replaced by an outpatient hospital adjustment factor.

For services provided on or after July 1, 2011 through June 30, 2013, Indiana outpatient hospital rates are subject to an outpatient hospital adjustment factor that may be changed but no more frequently than every 6 months. The outpatient hospital adjustment factors will result in aggregate payments that reasonably approximate the upper payment limits but do not result in payments in excess of the upper payment limits.

The initial outpatient hospital adjustment factor is 3.50 for:

- Acute care hospitals licensed under IC 16-21, except for those specified below
- Psychiatric institutions licensed under IC 12-25

The outpatient hospital adjustment factor is 0.95 for:

- Long term care hospitals
- Freestanding rehabilitation hospitals
- Out-of-state hospitals
- Clinical laboratory services

The following sections of the State Plan do not apply for services provided on or after July 1, 2011 through June 30, 2013:

- Limitations on payments for an individual claim to the lesser of the amount computed or billed charges.
- Medicaid Outpatient Payments for Safety net Hospitals
- Medicaid Hospital Reimbursement Add-On Payment Methodology to Compensate Hospitals that Deliver Hospital Care for the Indigent Program Service.
- Municipal Hospital Payment Adjustments
- Supplemental Payments to Privately-Owned Hospitals

Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of outpatient hospital services. The agency's rates are published in provider bulletins which are accessible through the agency's website.

The State's website, [www.indianamedicaid.com](http://www.indianamedicaid.com), allows providers access to the provider manual as well as all provider bulletins. The revenue codes and current rates can be found via the website as noted below.

Revenue Codes: <http://www.indianamedicaid.com/ihcp/Manuals/Provider/chapter08.pdf>  
Current rates and codes: Provider Bulletin BT200129

TN: 11-023  
Supersedes  
TN: 11-006

Approval Date: 5/21/2012

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DISPROPORTIONATE SHARE HOSPITAL PAYMENTS  
OUTPATIENT HOSPITAL SERVICES

For state fiscal years beginning on or after July 1, 2011, outpatient cost, payment, and utilization data is included per federal regulations and Indiana Medicaid policy within the Inpatient Disproportionate Share Hospital Payments of Attachment 4.19A.

TN: 11-023  
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TN: 92-09

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