

Table of Contents

State/Territory Name: Indiana

State Plan Amendment (SPA) #: IN-14-005

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

MAY 22 2015

Mr. Joseph Moser, Director of Medicaid
Office of Medicaid Policy and Planning
Indiana Family and Social Services Administration
402 West Washington Street, Room W461
Indianapolis, IN 46204-2739

ATTN: Amber Swartzell, State Plan Coordinator

Dear Mr. Moser:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 14-005. Effective August 1, 2014, this SPA revises the reimbursement methodology for inpatient hospitals. The fees imposed will be utilized for the non-federal share of the Disproportionate Share Hospital (DHS) payments and for Medicaid payment rates at the aggregate level of reimbursement that would be paid under Medicare payment principles. This SPA implements a reduction in inpatient hospital reimbursement increases funded by the assessment fee in order to comply with Federal upper payment limit requirements.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 14-005 is approved effective August 1, 2014. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please contact Fredrick Sebree, of my staff, at (217) 492-4122 or by e-mail at Fredrick.sebree@cms.hhs.gov.

Sincerely,

A large black rectangular redaction box covers the signature area of the letter.

Timothy Hill
Director

A black rectangular redaction box covers the contact information for Timothy Hill.

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 14-005	2. STATE Indiana
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION	4. PROPOSED EFFECTIVE DATE August 1, 2014	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		

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 447.272	7. FEDERAL BUDGET IMPACT: a. FFY 2014 (\$22,834.00 thousands) b. FFY 2015 (\$101,309.00 thousands)
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, page 1H 3	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19A, page 1H 3

10. SUBJECT OF AMENDMENT:


This SPA makes changes to the State Plan as a result of changes made to Indiana State Law by House Enrolled Act (HEA) 1001 (2013), which authorizes implementation of an assessment fee on most hospitals, and correspondingly directs the Family and Social Services Administration (FSSA) Office of Medicaid Policy and Planning (OMPP) to revise the reimbursement methodology for inpatient hospitals. The fees imposed will be utilized for the non-federal share of Disproportionate Share Hospital (DSH) payments and for Medicaid payment rates at the aggregate level of reimbursement that would be paid under Medicare payment principles. This SPA implements a reduction in inpatient hospital reimbursement increases funded by the assessment fee in order to comply with Federal upper payment limit requirements.

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:


Indiana's Medicaid State Plan does not require the Governor's review. See Section 7.4 of the State Plan

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Joseph Moser Medicaid Director Indiana Office of Medicaid Policy and Planning 402 West Washington Street, Room W382 Indianapolis, IN 46204 ATTN: Amber Swartzell, State Plan Coordinator
13. TYPED NAME: Joseph Moser	
14. TITLE: Medicaid Director	
15. DATE SUBMITTED: 3/26/15	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: MAY 22 2015
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: AUG 01 2014	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Kristin Fan	22. TITLE: Deputy Director, FMC

23. REMARKS:

The rates paid to providers in accordance with methods described in the preceding pages of Attachment 4.19-A for inpatient hospital services, excluding supplemental Medicaid inpatient payments for Safety-Net hospitals, are subject to a 5% reduction for services on and after January 1, 2010. The 5% rate reduction will remain in effect through December 31, 2013. Medicaid payments for inpatient hospital services, excluding supplemental Medicaid inpatient payments for Safety-Net hospitals, are subject to a 3% reduction for services on and after January 1, 2014 through June 30, 2015.

Notwithstanding the preceding paragraph, for the period beginning July 1, 2011, Indiana hospital rates are subject to a hospital adjustment factor. The 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.

A test will be made following the close of each state fiscal year to assure that annual inpatient payments do not exceed total inpatient billed charges for the fiscal year. Payments in excess of billed charges will be recovered. As permitted by 42 CFR 447.271(b), nominal charge hospitals identified in IC 12-15-15-11 are not subject to the inpatient charge limitation above.

The hospital adjustment factor for the DRG Base rate is 3.00 for the period of July 1, 2011 through July 31, 2014, and 2.10 for the period beginning August 1, 2014.

The hospital adjustment factor for Psych Level of Care rates is 2.20 for the period beginning July 1, 2011.

The hospital adjustment factor for acute care hospital Rehab Level of Care rates is 3.00 for the period of July 1, 2011 through July 31, 2014, and 2.60 for the period beginning August 1, 2014.

The hospital adjustment factor for Burn Level of Care rates is 1.00.

The adjustment factors above apply to acute care hospitals licensed under IC 16-21, except for those specified below, and psychiatric institutions licensed under IC 12-25.

For the period of July 1, 2011 through December 31, 2013, the hospital adjustment factor is 0.95, and for the period of January 1, 2014 through June 30, 2015, the hospital adjustment factor is 0.97, for:

- Long term care hospitals
- Out-of-state hospitals
- Freestanding Rehabilitation hospitals.

The following sections of the State Plan do not apply for the period beginning July 1, 2011:

- Limitations on payments for an individual claim to the lesser of the amount computed or billed charges.
- Medicaid Inpatient 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.
- High Volume Outlier Payment Adjustment

The agency's rates are published in provider bulletins which are accessible through the agency's website, www.indianamedicaid.com.

TN: 14-005

Supersedes

TN: 13-006

Approval Date: MAY 22 2015

Effective Date: August 1, 2014