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State/Territory Name: IN

State Plan Amendment (SPA) #: 14-0006

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



May 19, 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

RE: IN SPA 14-006 Outpatient Hospital Assessment Fee

Dear Mr. Moser:

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

Transmittal # 14-006

- Establish Medicaid outpatient hospital rates of reimbursement at the aggregate level of Medicare reimbursement.
- Uses a permissible provider tax to fund supplemental Disproportionate Share Hospital (DSH) payments to qualifying hospitals.

If you have any questions, please have a member of your staff contact Elizabeth Lewis at (312) 353-1756 or by email at elizabeth.lewis@cms.hhs.gov.

Sincerely,

/s/

Ruth A. Hughes
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

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

1. TRANSMITTAL NUMBER:
14-006

2. STATE
Indiana

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
August 1, 2014

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 447.321

7. FEDERAL BUDGET IMPACT:
a. FFY 2014 ~~— \$8,112.00 (thousands)~~ ^{FFY 2015} (\$36,246.00 thousands)
b. FFY 2015 ~~— \$36,246.00 (thousands)~~ ^{FFY 2016} (\$36,246.00 thousands)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B Page 2.0

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19-B Page 2.0

10. SUBJECT OF AMENDMENT:

Makes conforming 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 outpatient hospitals. This SPA implements reimbursement methodology changes authorized by HEA 1001. The fees imposed will be utilized for the non-federal share of Disproportionate Share Hospital (DSH) payments as well as for Medicaid payment rates at the aggregate level of reimbursement that would be paid under Medicare payment principles. This SPA implements a reduction in outpatient 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: 9/29/14

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
9/29/14

18. DATE APPROVED:
5/19/15

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
August 1, 2014

20. SIGNATURE OF REGIONAL OFFICIAL:
/s/

21. TYPED NAME:
Ruth A. Hughes

22. TITLE:
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, excluding ambulatory surgical center services, are subject to a 5% reduction. The 5% rate reduction will remain in effect through December 31, 2013. The rates paid to outpatient hospital providers, excluding ambulatory surgical center services, for services provided on and after January 1, 2014 through June 30, 2015 are subject to a 3% reduction.

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

For the period of July 1, 2011 through June 30, 2013, the outpatient hospital adjustment factor is 3.50, for the period beginning July 1, 2013 **through July 31, 2014**, the outpatient hospital adjustment factor is 3.20, **and for the period beginning August 1, 2014, the outpatient hospital adjustment factor is 2.7**, for:

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

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

- 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 at the State's website, www.indianamedicaid.com.