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State/Territory Name: Indiana

State Plan Amendment (SPA) #: 16-0016

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



March 29, 2017

Joe Moser, Director
Family Social Services Administration
Office of Medicaid Policy and Planning
402 West Washington, Room W374
Indianapolis, IN 46204

ATTN: Tim Hawkins

RE: Transmittal Number (TN) 16-0016

Dear Mr. Moser:

Enclosed for your records is an approved copy of the following state plan amendment.

TN 16-0016:

- This state plan amendment revises the reimbursement methodology for outpatient hospital services to make outpatient hospital payments at the aggregate level of reimbursement that would be paid under Medicare payment principles.
- Effective Date: November 1, 2016
- Approval Date: March 29, 2017

If you have any questions, please have a member of your staff contact Jennifer Maslowski at (217) 492-4120 or by email at jennifer.maslowski@cms.hhs.gov.

Sincerely,

/s/

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

Enclosure

cc: Tim Hawkins, OMPP
Kelly Flynn, OMPP

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

1. TRANSMITTAL NUMBER:
TN 16-0016

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
November 1, 2016

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:
~~405 IAC 5-3-13; 42 CFR 447.205~~ 42 CFR 433.68 1-2-17

7. FEDERAL BUDGET IMPACT: (in thousands)
a. FFY 2017 \$0.00
b. FFY 2018 \$0.00

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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:
This State Plan amendment makes conforming changes to the State Plan to remove the outpatient hospital adjustment factor from the state plan, effective November 1, 2016. As directed by Indiana state statute, the Family and Social Services Administration (FSSA) Office of Medicaid Policy and Planning (OMPP) implemented an assessment fee on most hospitals and revised the reimbursement methodology for outpatient hospital services to make outpatient hospital payments at the aggregate level of reimbursement that would be paid under Medicare payment principles.

11. GOVERNOR'S REVIEW (*Check One*):
 GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
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: Kelly Flynn, Waiver and State Plan Manager

13. TYPED NAME: Joseph Moser

14. TITLE: Medicaid Director

15. DATE SUBMITTED: 11.10.16

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
November 10, 2016

18. DATE APPROVED:
March 29, 2017

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
November 1, 2016

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, 2017 are subject to a 3% reduction.

Indiana outpatient hospital rates 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 at 42 CFR 447.321.

The state uses a cost based outpatient hospital upper payment limit methodology whereby the Medicare cost-to-charge ratio is multiplied by Medicaid covered outpatient charges and summed by hospital class. Medicaid claims detail information is grouped by revenue code. The appropriate cost report cost center is determined for each revenue code. The cost-to-charge ratio used is obtained from the CMS 2552, Worksheet C, Part I, Column 11, Lines 50-98. The upper payment limit is trended for inflation using a hospital market basket index, prorated quarterly, and applied to Medicaid charges only. The upper payment limit is trended for volume, applied to both Medicaid payments and charges.

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 were set as of November 1, 2016 and are effective for all services provided on or after that date. All rates are published at the State's website, www.indianamedicaid.com.