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State/Territory Name: Indiana

State Plan Amendment (SPA) #: 17-0005

This file contains the following documents in the order listed:

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



August 30, 2017

Allison Taylor, Interim Medicaid Director
Family Social Services Administration
402 West Washington, Room W461
Indianapolis, IN 46204

ATTN: Tim Hawkins

RE: Transmittal Number (TN) 17-0005

Dear Ms. Taylor:

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

TN 17-0005: This state plan amendment extends the current three percent rate reduction for outpatient hospital services (excluding ambulatory surgical center reimbursement), which is currently set to expire on June 30, 2017. This rate reduction will be extended for the period of July 1, 2017 through June 30, 2019. As this amendment is an extension of the current rate reduction initiated in 2014, there is no fiscal impact associated with this amendment. The state assures that the rates do not impinge on access to outpatient hospital services and beneficiaries access to services are adequate. Further, the state did not receive any comments or concerns from the Indiana Hospital Association and hospital providers opposing the existing rates proposed by this plan amendment. Based on this information, we are inferring that the amendment does not affect consistency with the access to care requirements described in section 1902(a)(30)(A) of the Act.

- Effective Date: July 1, 2017
- Approval Date: August 30, 2017

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Ms. Taylor

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:
17-005

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
7/1/17

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 440.20

7. FEDERAL BUDGET IMPACT: (in thousands)
a. FFY 2017 (\$401)
b. FFY 2018 (\$1,525)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19B Page 2.0

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):
Attachment 4.19B Page 2.0

10. SUBJECT OF AMENDMENT: This State Plan Amendment proposes to continue the three percent (3%) reduction that is currently set to expire on June 30, 2017, for outpatient hospital services (excluding ambulatory surgical center reimbursement) under the Medicaid state plan and state regulations at 405 IAC 1-8. The three percent (3%) reductions will remain in effect until June 30, 2019.

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:

[Redacted Signature]

13. TYPED NAME: Allison Taylor

Allison Taylor

14. TITLE: Interim Medicaid Director

15. DATE SUBMITTED: 7.26.17

16. RETURN TO:

Allison Taylor
Interim Medicaid Director
Indiana Office of Medicaid Policy and Planning
402 West Washington Street, Room W374
Indianapolis, IN 46204
ATTN: Tim Hawkins, Federal Relations Lead

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
July 26, 2017

18. DATE APPROVED:
August 30, 2017

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
July 1, 2017

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, 2019 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.