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State/Territory Name: Maryland

State Plan Amendment (SPA) #: 12-13

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179
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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid & CHIP Services

FEB 25 2013

Ms. Susan J. Tucker
Executive Director
Office of Health Services
Maryland Department of Health and Mental Hygiene
201 West Preston Street, 1st Floor
Baltimore, Maryland 21201

RE: State Plan Amendment 12-13

Dear Mrs. Tucker:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 12-13. This amendment continues Maryland's project to split reimbursement methods for inpatient and outpatient services into separate Attachments 4.19A and 4.19B. Specifically, MD 12-13 moves reimbursement for inpatient psychiatric services provided to individuals under the age of 21 to Attachment 4.19A.

We reviewed this amendment pursuant to sections 1902(a)(3), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving Medicaid State plan amendment 12-13 effective October 1, 2012. We are enclosing the Form-179 and the amended plan pages.

If you have any questions, please call Gary Knight at (304) 347-5723.

Sincerely,
/S/

Cindy Mann
Director
Centers for Medicaid & CHIP Services

cc: Mr. Mark Leeds DHMH
Mr. John Folkemer DHMH

bcc: Fran McCullough, ARA RO3
Dan Robison, FMB RO3
Harry Mirach, POB RO3
Andrea Cunningham, MD State Lead
Andrew Badaracco, CO NIRT
Kathy Walch, CO NIRT
Official NIRT file

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 12-13	2. STATE Maryland
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE October 1, 2012	
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:		7. FEDERAL BUDGET IMPACT:	
		a. FFY 2013 \$ 0	
		b. FFY 2014 \$ 0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):	
Att 4.19A&B page 57, 57A Att 4.19A page 4		Att 4.19A&B page 57 (03-01) and 57A (11-12) Att 4.19A page 4 (11-14)	
10. SUBJECT OF AMENDMENT: This amendment is to update pages in response to the RAI 11-12 for inpatient psychiatric services for individuals under age 21 with a primary diagnosis of drug and alcohol abuse. The amendment correctly places the reimbursement for this service which already existed under the plan into section 4.19A.			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: The Secretary of the Department of Health and Mental Hygiene	
12. SIGNATURE OF STATE AGENCY OFFICIAL: /S/		16. RETURN TO:	
13. TYPED NAME: Charles J. Milligan, Jr.		Susan J. Tucker Executive Director Office of Health Services Department of Health & Mental Hygiene 201 W Preston St, 1 st floor Baltimore MD 21201	
14. TITLE: Deputy Secretary, Health Care Financing, Department of Health and Mental Hygiene			
15. DATE SUBMITTED: 12/17/12			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: FEB 25 2013	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT 01 2012		20. SIGNATURE OF REGIONAL OFFICIAL: /S/	
21. TYPED NAME: PENNY THOMPSON		22. TITLE: DEP. DIRECTOR, CMCS	
23. REMARKS:			

- D. The Program will reimburse private psychiatric hospitals in Maryland by a prospective payment system per diem rate, based on rates set by the HSCRC pursuant to the HSCRC methodology.

The HSCRC establishes approved rates for units of service in the various revenue producing departments (rate centers). The rates include adjustments for such items as inflation, volume changes, pass-through costs, and uncompensated care. A description of the HSCRC's uncompensated care methodology is provided in Section I, Letter A (above).

The Program's private psychiatric hospital prospective payment system (PPS) aggregates the HSCRC's rate center-based rates to one per diem rate using a weighted average. The per diem is further reduced to account for bad debt, discounts, capital costs, public relations, lobbying and certain educational expenses as reported on the private psychiatric hospital's cost reports and revenue statements.

Review of cost reports and revenue statements produced a 16% reduction on average and establishes the recommended PPS rate at 84% of the HSCRC rate. Payment for administrative days in private psychiatric hospitals will be made according to: (1) A projected average Medicaid nursing home payment rate, or (2) the administrative day rate for recipients waiting placement in a residential treatment center.

- E. Private freestanding pediatric rehabilitation hospitals in Maryland not approved for reimbursement according to the HSCRC rates shall be reimbursed for inpatient expenditures using a prospective payment system consisting of per diem rates based on categories of service on the providers fiscal year cost report for 2004 after audit and adjustments. The base per diem rates shall be adjusted annually by a market basket update factor in the Centers for Medicare and Medicaid Annual Update factors for Long Term Care Hospital Prospective Payment System.
- F. Reimbursement of Medically Monitored Intensive Inpatient Treatment Services Provided in an Intermediate Care Facility for patients under the age of 21:

The Department shall pay the intermediate care facility the lower of the provider's usual and customary charge or the provider's per diem costs for covered services according to the principles established under Title XVIII of the Social Security Act, up to a maximum of \$350 per day. The average increase in the Department's reimbursement to the provider per inpatient day for each fiscal year over the cost-settled rate for the previous fiscal year may not exceed the rate of increase of the Hospital Wage and Price Index plus 1 percentage point, described in 42 CFR §413.40, as amended. The target rate percentage increase for each calendar year shall equal the prospectively estimated increase in the Hospital Wage and Price Index (market basket index) for each calendar year, plus 1 percentage point. Since the cost reporting period spans portions of 2 calendar years, the Program shall calculate an appropriate prorated percentage rate based on the published calendar year percentage rates.

The rehabilitative services not included elsewhere in the State plan are: medical day care for medically fragile and technology dependent children and therapeutic nursery programs.

Rehabilitative services do not include the following: habilitation services; custodial care; personal care to assist children with activities of daily living; or respite for parents.

The reimbursement for the above services will be the lower of: (1) the provider's customary charge to the general public; or (2) the Department's fee schedule.

Reserve

TN # 12-13 Approval Date FEB 25 2013 Effective Date OCT 01 2012
Supersedes TN # 11-12