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State/Territory Name: Maryland

State Plan Amendment (SPA) #:14-04

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 S2-26-12
Baltimore, Maryland 21244-1850



MAY 20 2014

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 14-04

Dear Ms. Tucker:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 14-04. This amendment removes references to the Title XVIII Medicare Waiver.

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 14-04 effective January 1, 2014. 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

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 14-04	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 January 1 st , 2014	
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: N/A		7. FEDERAL BUDGET IMPACT: a. FFY 2014: \$ <u> \$0 </u> b. FFY 2015: \$ <u> \$0 </u>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Att 4.19A, pg 2		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Att 4.19A, pg 2 (TN# 11-14)	
10. SUBJECT OF AMENDMENT: Removing mentions of 1814(b) from the State Plan. Section 1814(b) is the federal statute that allows Medicare to pay a different hospital rate in Maryland. It is now being replaced by the new hospital waiver.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Susan J. Tucker, Executive Director <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Office of Health Services			
12. SIGNATURE OF STATE AGENCY OFFICIAL: <i>/S/</i>		16. RETURN TO: Susan J. Tucker, Executive Director OHS - DHMH 201 W. Preston St., 1 st floor Baltimore, MD 21201	
13. TYPED NAME: Charles J. Milligan, Jr.			
14. TITLE: Deputy Secretary, Office of Health Care Financing			
15. DATE SUBMITTED: 2/27/2014			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: MAY 20 2014	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN 01 2014		20. SIGNATURE OF REGIONAL OFFICIAL: <i>/S/</i>	
21. TYPED NAME: Penny Thompson		22. TITLE: Deputy Director, Policy & Financial Mgt. CMCS	
23. REMARKS:			

Payment for Services: Methods and Standards for Establishing Payment Rates

- I. Maryland Inpatient Hospital/Uncompensated Care Methodology
- II. Disproportionate Share Hospitals
- III. D.C. Hospitals
- IV. Out of State Hospitals

- I. Inpatient Hospital Services

In 1977, the Department of Health, Education and Welfare (now the Department of Health and Human Services) granted the State of Maryland a waiver from Medicare reimbursement principles. Under this All Payer Hospital Rate System, all Maryland payers, including Medicare and the Program, reimburse inpatient hospital services at prospective rates reviewed and approved by the Maryland Health Services Cost Review Commission (HSCRC).

- A. All hospitals located in Maryland which participate in the Program and are regulated by the All Payer Hospital Rate System, except those listed below, will charge, and payers will reimburse, according to rates approved by the HSCRC, pursuant to the HSCRC statute and regulation. Under this system, all regulated hospitals are required to submit to the HSCRC data using a uniform accounting and reporting system.

Hospitals may request that the HSCRC conduct a full rate review. During a full rate review, the HSCRC compares the hospital's charge per case with those in the hospital's peer group resulting in the HSCRC developing new rates for the hospital under review.

The HSCRC posts each hospital's rates by rate center on the HSCRC's website:
<http://www.hscrc.state.md.us/index.cfm>

Uncompensated Care Methodology: The HSCRC's provision for uncompensated care in hospital rates is one of the unique features of rate regulation in Maryland. Uncompensated care includes bad debt and charity care. By recognizing reasonable levels of bad debt and charity care in hospital rates, the system enhances access to hospital care for those citizens who cannot pay for