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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
JFK Federal Building, Government Center
Room 2275
Boston, Massachusetts 02203



Division of Medicaid and Children's Health Operations / Boston Regional Office

December 20, 2013

Mary C. Mayhew, Commissioner
Department of Health and Human Services
221 State House
11 State House Station
Augusta, Maine 04333-0011

RE: ME 13-017

Dear Ms. Mayhew:

Enclosed is an approved copy of Maine's state plan amendment (SPA) 13-017, which was submitted to CMS on September 30, 2013. SPA 13-017 relates to outpatient hospital reimbursement. The SPA approves a reduction to the outpatient Ambulatory Payment Classification (APC) rate for Acute Care Non-Critical Hospitals and Rehabilitation Hospitals from 93% to 83.7% of the adjusted Medicare APC rate for outpatient services. If multiple procedures are performed, the Department will pay 83.7%, rather than 93% of Medicare's single bundled APC rate. Calculations for outlier payments will follow Medicare rules and also be paid at 83.7% rather than 93% of the Medicare payment. The effective date of this SPA is July 1, 2013.

Enclosed you will find the executed CMS Form 179 and approved SPA page.

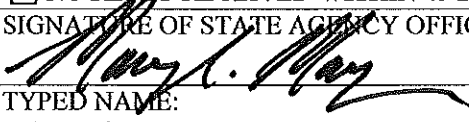
CMS appreciates the significant amount of work your staff dedicated to preparing this state plan amendment. Please contact Kathryn Holt, kathryn.holt@cms.hhs.gov, or at 617/565-1246, if you have any questions.

Sincerely,

/s/

Richard R. McGreal
Associate Regional Administrator

cc: Stefanie Nadeau, MaineCare Director

| | | | |
|---|--|---|-------------------|
| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL | | 1. TRANSMITTAL NUMBER: 13-017 | 2. STATE Maine |
| FOR: HEALTH CARE FINANCING ADMINISTRATION | | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) | |
| TO: REGIONAL ADMINISTRATOR Centers for Medicare and Medicaid Services Department of Health and Human Services | | 4. PROPOSED EFFECTIVE DATE July 1, 2013 | |
| 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: 42 CFR 20 42 CFR 447 | | 7. FEDERAL BUDGET IMPACT: a. FFY <u>2014</u> savings of \$9,798,669.77 b. FFY <u>2015</u> savings of \$9,746,129.35 | |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Supplemental 1 to attachment 4.19-B Page 1(f) | | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Supplemental 1 to attachment 4.19-B Page 1(f) | |
| 10. SUBJECT OF AMENDMENT: Outpatient Hospital Reimbursement: Change to APC rate | | | |
| 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 Commissioner, Dept. of Health and Human Services <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL | | | |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:  | | 16. RETURN TO: Stefanie Nadeau Director, MaineCare Services #11 State House Station 242 State Street Augusta, Maine 04333-0011 | |
| 13. TYPED NAME: Mary C. Mayhew | | | |
| 14. TITLE: Commissioner, Department of Health and Human Services | | | |
| 15. DATE SUBMITTED: 9/30/13 | | | |
| FOR REGIONAL OFFICE USE ONLY | | | |
| 17. DATE RECEIVED: <u>9/30/2013</u> | | 18. DATE APPROVED: <u>12/20/2013</u> | |
| PLAN APPROVED – ONE COPY ATTACHED | | | |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: <u>7/1/2013</u> | | 20. SIGNATURE OF REGIONAL OFFICIAL: <u>/s/</u> | |
| 21. TYPED NAME: <u>Richard R. McGreal</u> | | 22. TITLE: <u>Associate Regional Administrator</u> | |
| 23. REMARKS: | | | |

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: MAINE

Attachment 4.19-B

Page 1(f)

Outpatient Hospital Services Detailed Description of Reimbursement

Interim and Final Settlement

At interim and final settlement, the hospital will reimburse the Department for any excess payments; or the Department will reimburse the amount of any underpayment to the hospital. In either case, the lump sum payment must be made within 30 days of the date of the letter notifying the provider of the results of the interim or final settlement. If more than one year's interim or final settlement is completed in the same proceeding, the net amount must be paid. Any caps imposed on PIP payments are not applicable to the determination of settlement amounts.

Hospitals are required to file with the DHHS, Division of Audit a year-end cost report within five months from their fiscal year end. The cost report filing consists of: CMS Form 2552 or its equivalent, audited financial statements, and any other related documentation as requested by the DHHS-Division of Audit. The cost report must include applicable MaineCare utilization and a calculated balance due to/from MaineCare.

ACUTE CARE NON-CRITICAL ACCESS HOSPITALS (including rehabilitation hospitals)

1. Private Hospitals (including rehabilitation hospitals)

a. APC Payment

Effective July 1, 2013, the Department will reimburse hospitals 83.7% of the most recent adjusted Medicare APC rate for all outpatient services where that rate is available unless otherwise specified.

The APC payment does not include hospital-based physician services. The APC payment does include ancillary services such as x-rays and laboratory test costs. If multiple procedures are performed, the Department pays the hospital 83.7% of Medicare's single bundled APC rate.

APC payments are made when the member receives services in an emergency room, clinic or other outpatient setting, or if the outpatient is transferred to another hospital or facility that is not affiliated with the initial hospital where the patient received the outpatient services. If the outpatient is admitted from a hospital's clinic or emergency department, to the same hospital as an inpatient, the hospital shall be paid only a DRG-based discharge rate and will not receive an APC payment.

An outlier payment adjustment is made to the rate when an unusually high level of resources has been used for a case. Calculations for outlier payments will follow Medicare rules and be paid at 83.7% of the Medicare payment.

b. Fee Schedule Payments

Effective July 1, 2012, a limited number of Current Procedural Terminology (CPT) codes do not have associated Medicare APC rates, as listed in Addendum B (see:

<https://www.cms.gov/Medicare/Medicare-Fee-for-ServicePayment/HospitalOutpatientPPS/Addendum-A-and-Addendum-B-Updates.html>). MaineCare covers certain services listed in Addendum B and pays for these services based on a fee