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State/Territory Name: Maine

State Plan Amendment (SPA) #: 20-0001-A

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

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

June 23, 2020

Jeanne Lambrew, Commissioner
Department of Health and Human Services
221 State Street
Augusta, Maine 04333-0011

Reference: TN 20-0001-A

Dear Commissioner Lambrew:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 20-0001-A. This amendment authorizes legislative changes (Main PL 2019, Ch. 530) to reimbursement for inpatient hospital services. Specifically, it adds definitions for Rural Hospital and Non-Rural Hospital and modifies reimbursement for acute care non-critical access hospitals.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1923 and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C.

This is to inform you that Medicaid State plan amendment TN 20-0001-A is approved effective January 1, 2020. The CMS-179 and the amended plan page(s) are attached.

If you have any additional questions or need further assistance, please contact Novena James-Hailey at (617) 565-1291 or Novena.JamesHailey@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of Karen Shields.

Karen Shields
Acting Director

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER
20 – 0001A

2. STATE
Maine

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, 2020

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 447.205

7. FEDERAL BUDGET IMPACT

a. FFY **2020** \$ **128,947**

b. FFY **2021** \$ **171,634**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19A Page 2, Page 2(a) Page 4, Page 4(a) and Page 7

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*)
Attachment 4.19A Page 2, Page 4, Page 4(a) and Page 7

10. SUBJECT OF AMENDMENT

Adding the Rural Hospital and Non-Rural Hospital definitions. Updating Hospital-based physician reimbursement

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

12. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

13. TYPED NAME
Michelle Probert

14. TITLE
Director, MaineCare Services

15. DATE SUBMITTED
March 27, 2020

16. RETURN TO

**Michelle Probert
Director, MaineCare Services
#11 State House Station
109 Capitol Street
Augusta, Maine 04333-0011**

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

18. DATE APPROVED **6/23/20**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
1/1/20

20. SIGNATURE OF REGIONAL OFFICIAL

[Redacted Signature]

21. TYPED NAME
Karen Shields

22. TITLE
Acting Director

23. REMARKS

A-7 Distinct Substance Abuse Unit

A unit that combines the medical management of withdrawal with a structured inpatient rehabilitation program. Services include coordinated group education and psychotherapy, individual psychotherapy and family counseling as needed. Licensed Alcohol and Drug Abuse Counselors (LADCs) assist medical staff in developing an interdisciplinary plan of care. Evidence-based best practices, such as motivational interviewing are used by staff who are trained in substance abuse treatment. The claim must also be distinguishable as representing a discharge from a distinct substance abuse unit in the MaineCare claims processing system. This label is not a Medicare designation.

A-8 MaineCare Paid Claims History

A summary of all claims billed by the hospital to MaineCare for MaineCare eligible members that have been processed and accepted for payment by MaineCare. A record of these claims is kept in the Department's claim processing system.

A-9 Non-rural Hospital

is a private acute care non-critical access hospital that does not meet the definition of a "Rural Hospital" as defined in Maine regulation.

A-10 Private Psychiatric Hospital

A hospital that is primarily engaged in providing psychiatric services for the diagnosis, treatment and care of persons with mental illness and is not owned and operated by the State of Maine. The facility must be licensed as a psychiatric hospital by the Department of Health and Human Services (DHHS). A psychiatric hospital may also be known as an institution for mental disease.

A-11 Prospective Interim Payment (PIP)

The weekly (or quarterly in the case of state-owned psychiatric hospitals) payment made to a private hospital based on the estimated total annual Department obligation as calculated below. This payment may represent only a portion of the amount due the hospital; other lump sum payments may be made throughout the year. Such circumstances would include, but not be limited to, error correction and interim volume adjustments. For purposes of the PIP calculation, a MaineCare discharge for the most recently completed state fiscal year is one with a discharge date occurring within the state fiscal year and submitted prior to the time of calculation.

A-12 Rehabilitation Hospital

A hospital that provides an intensive rehabilitation program and is recognized as an Inpatient Rehabilitation Facility by Medicare.

A-13 Rural Hospital

is a private acute care non-critical access hospital that meets one of the following criteria:

- 1) Is a "Sole Community Hospital" as designated by Medicare, and as reported on the hospital's Medicare Cost report; OR
- 2) Is a "Medicare-Dependent Hospital" as designated by Medicare, and as report on the hospital's Medicare cost report; OR
- 3) Is a participating hospital on the Medicare "Rural Community Hospital Demonstration", as reported on the hospital's Medicare cost report.

A-14 State Owned Psychiatric Hospital

A hospital that is primarily engaged in providing psychiatric services for the diagnosis, treatment and care of persons with mental illness and is owned and operated by the State of Maine. The facility must be licensed as a psychiatric hospital by the Department of Health and Human Services. A psychiatric hospital may also be known as an institution for mental disease.

B-5 MaineCare Member Days Awaiting Placement (DAP) at a Nursing Facility (NF)

Effective October 1, 2019 the Department will reimburse hospitals other than critical access hospitals for each day after the tenth (10th) day that a MaineCare eligible individual is in the care of the hospital while awaiting placement in a NF. The Department will reimburse at the statewide average rate per MaineCare member day for NF services. The statewide average rate will be computed based on the simple average NF rate per MaineCare member day for the applicable state fiscal year or years prorated for the hospital's fiscal year. Reimbursement for days awaiting placement pursuant to this section is limited to a maximum of \$500,000 of combined state General Fund and federal funds for each year. The Department will reimburse quarterly by order of claim date. In the event the cap is expected to be exceeded in any quarter, reimbursement for claims in that quarter will be paid out proportionately, and a notification of total funds expended for that year will be sent out to providers. This section is repealed December 31, 2023

C ACUTE CARE NON-CRITICAL ACCESS HOSPITALS**C-1 Department 's Inpatient Obligation to the Hospital**

The Department of Health and Human Services' total annual obligation to a hospital will be the sum of MaineCare's obligation for the following: inpatient services + inpatient capital costs + inpatient hospital based physician costs + graduate medical education costs + Disproportionate Share Payments (for eligible hospitals) and supplemental pool reimbursements + until July 1 2011, days awaiting placement.

A. Inpatient Services (not including distinct psychiatric or substances abuse unit discharges)

The Department pays using DRG-based discharge rates, which include estimated capital and medical education costs (see Appendix for full description). As explained in the Appendix, the payment is comprised of three components: the capital expense and graduate medical education components both of which will be subject to interim and final cost settlement, and the DRG direct rate component which will not be cost settled.

B. Distinct Psychiatric Unit

MaineCare pays a distinct psychiatric unit discharge rate equal to \$6,438.72, except for Northern Maine Medical, for (1) which the distinct psychiatric discharge unit rate will be \$15,679.94, and (2) effective July 1, 2013, \$9128.31 per psychiatric discharge for members under 18 years of age from hospitals in the Lewiston-Auburn area. MaineCare will only reimburse at the distinct unit psychiatric rate when the member has spent the majority of his or her stay in the distinct unit. MaineCare will only reimburse for one (1) discharge for a single hospital for one episode of care.

Distinct psychiatric unit discharge rates will not be adjusted annually for inflation.

The Department will reimburse hospitals based on UB-04 and/or CMS 1500 billing forms. This payment is not subject to cost settlement.

C. Distinct Substance Abuse Unit

Effective April 1, 2013 MaineCare will pay a distinct substance abuse unit discharge rate equal to \$4,898. MaineCare will only reimburse at the distinct unit substance abuse rate when the member has spent the majority of his or her stay in the distinct unit. MaineCare will only reimburse for one (1) discharge for a single hospital for one (1) episode of care.

D. Inpatient Hospital Based Physician

Non-rural Hopsitals:

MaineCare will reimburse 93.3% of its share of inpatient hospital-based physicians costs.

Rural Hospitals:

MaineCare will reimburse 100% of its share of inpatient hospital-based physician costs.

MaineCare will reimburse 100% of graduate medical education costs.

Inpatient Hospital Services Detailed Description of Reimbursement

The Department of Health and Human Services' total annual inpatient obligation to the hospitals will be the sum of MaineCare's obligation of the following: inpatient services + days awaiting placement + hospital based physician + direct graduate medical education costs. Third party liability payments are subtracted from the obligation.

These computed amounts are calculated as described below:

A. Inpatient Services

109% of the total MaineCare inpatient operating costs from the most recent interim cost-settled report issued by the Department, inflated to the current state fiscal year. Additionally, a supplemental pool will be allocated on the basis of the hospital's relative share of Medicaid payments for private critical access hospitals only, not those hospitals reclassified to a wage area outside Maine by the Medicare Geographic Classification Review Board or public hospitals. Effective November 14, 2019 the amount will be \$5,613,061. Effective November 14, 2020 the amount will increase to \$5,672,482.

The relative share is defined as:

$$\frac{\text{total Medicaid payments to CAH hospital} \times \text{pool amount}}{\text{total Medicaid payments to all CAH hospitals}}$$

B. MaineCare Member Days Awaiting Placement (OAP) at a Nursing Facility (NF)

Reimbursement will be made prospectively at the estimated statewide average rate per member day for NF services. The Department shall adopt the prospective statewide average rates per member day for NF services that are specified in the 4.19D Principles of Reimbursement for Nursing Facilities. The average statewide rate per member day shall be computed based on the simple average of the N F rate per member day for the applicable State fiscal year(s) and prorated for a hospital's fiscal year.

C. 100% of MaineCare's share of inpatient hospital based physician costs + MaineCare's share of graduate medical education costs.

E-2 Prospective Interim Payment (PIP)

The estimated departmental annual inpatient obligation, described above, will be calculated using the most recent MaineCare Supplemental Data Form increased by the rate of inflation to the beginning of the current state fiscal year. Third party liability payments are subtracted from the PIP obligation. The PIP payment does not include DSH payments or the hospital's share of the supplemental pool as described below.

E-3 Interim Adjustment

The State would expect to initiate an interim adjustment under very limited circumstances, including but not limited to, restructuring payment methodology as reflected in the state plan amendment; when a hospital "changes" categories (e.g. becomes designated critical access);