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State/Territory Name: MN

State Plan Amendment (SPA) #: 09-019

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

NOV 15 2010

Brian Osberg, State Medicaid Director
Minnesota Department of Human Services
P.O. Box 64983
St. Paul, MN 55164-0983

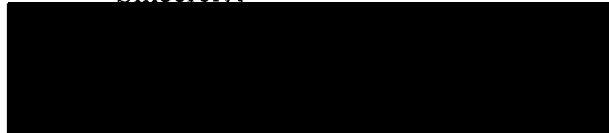
Dear Mr. Osberg:

Enclosed for your records is an approved copy of the following State Plan Amendment:

Transmittal #09-019 - Implements a new supplemental payment for outpatient hospital services at Hennepin County Medical Center (HCMC) and Regions Hospital
--Effective Date: July 1, 2009

If you have any additional questions, please have a member of your staff contact Charles Friedrich at (608) 442-9125 or by e-mail at Charles.Friedrich@cms.hhs.gov.

Sincerely,

A large black rectangular redaction box covers the signature of the sender.

Verlon Johnson
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

cc: Lisa Knazan, MDHS

Enclosure

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
09-19

2. STATE
Minnesota

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
July 1, 2009

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 447.321

7. FEDERAL BUDGET IMPACT:
a. FFY '09 \$ 1,444,696
b. FFY '10 \$ 5,778,783

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Att. 4.19-B 2a (Outpatient Hospital) pp. 3-3a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):
Att. 4.19-B (Outpatient Hospital) pp. 3-3a

10. SUBJECT OF AMENDMENT:

Implements a new supplemental payment for outpatient hospital services at HCMC and Regions.

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:

16. RETURN TO:

13. TYPED NAME: 
Ann Berg

Lisa Knazan
Minnesota Department of Human Services
Federal Relations Unit
P.O. Box 64983
St. Paul, MN 55164-0983

14. TITLE:
Acting Medicaid Director

15. DATE SUBMITTED:
September 29, 2009

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: **SEP 29 2009**

18. DATE APPROVED: **NOV 15 2010**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVAL: **JUL - 1 2009**

20. SIGNATURE OF REGIONAL OFFICIAL: 

21. TYPED NAME:
Verlon Johnson

22. TITLE:
Associate Regional Administrator

23. REMARKS:

STATE: MINNESOTA
Effective: July 1, 2009
TN: 09-19
Approved:
Supersedes: 05-04, 03-10, 01-07

ATTACHMENT 4.19-B
Page 3

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2.a. Outpatient hospital services.

Payments for outpatient hospital services may not exceed in aggregate the total payments that would have been paid under Medicare.

Outpatient hospital facility services are paid in accordance with the most recent Ambulatory Payment Classification system rates published by the Centers for Medicare & Medicaid Services in the Federal Register, listed in the column marked "Payment Rate," except that:

- (1) end-stage renal disease hemodialysis for outpatient, per treatment is paid in accordance with composite rate methodology for the Medicare Program in effect prior to April 1, 2005.
- (2) partial hospitalization is paid the lower of the submitted charge or an hourly rate that is 75.6% of the 50th percentile of 1999 charges.

Freestanding ambulatory surgical center facility services or facility components are paid in accordance with the methodology in item 9, Clinic services 6.d.C., ~~Ambulatory surgical centers.~~

Other outpatient hospital services as paid using the same methodology in item 5.a., Physicians' services.

Laboratory services are paid using the same methodology in item 3, Other laboratory and x-ray services.

Vaccines are paid the lower of:

- (1) submitted charge; or
- (2) the average wholesale price plus \$1.50 for administration.

Vaccines available through the Minnesota Vaccines for Children Program pursuant to §1928 of the Act, are paid the lower of:

- (1) submitted charge; or
- (2) the \$8.50 administration fee.

2.a. Outpatient hospital services (cont).

All other injectables are paid the lower of:

- (1) submitted charge; or
- (2) the average wholesale price.

Outpatient chemical abuse programs services are paid using the same methodology in item 13.d., Rehabilitative services.

Additional payment adjustment for Hennepin County Medical Center and Regions Hospital Effective for services delivered on or after July 1, 2009, in recognition of the services provided by the two largest safety net hospitals, an additional adjustment will be made annually, within two years of the close of the federal fiscal year, that is the difference between the Medicaid costs for outpatient hospital services and the Medicaid payments for outpatient hospital services for the non-state government-owned hospitals that are not critical access hospitals. Total additional payments shall be determined based on a comparison of Medicaid payments to the hospitals and the hospital's Medicaid costs for the most recent state plan rate year available as reported to DHS under 42 CFR §447.299 (10) and (9).

Payments will be distributed to the Hennepin County Medical Center and Regions Hospital as follows:

(1) Determine the difference between Medicaid costs and Medicaid payments for outpatient hospital services as reported under 42 CFR §447.299(10) and (9) for the most recent year, for each of the non-state government-owned hospitals that are not critical access hospitals.

(2) Calculate a ratio for each of the two hospitals receiving a payment under this section that is equal to:

the FFS Medicaid outpatient hospital payments to each of the two hospitals receiving payments under this section,

divided by the sum of the Medicaid payments for outpatient hospital services to the two hospitals receiving payments under this section.

(3) Apply the ratio computed in step (2) to the difference between the sum of the amounts computed in step (1) for all of the non-state government-owned hospitals that are not critical access hospitals.