

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, and Survey & Certification



JUN - 2 2010

Ms. Mary E. Dalton
State Medicaid Director
Department of Public Health & Human Services
P.O. Box 4210
Helena, MT 59604

Re: Montana 09-013

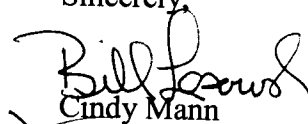
Dear Ms. Dalton:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 09-013. Effective for services on or after July 1, 2009, this amendment updates the reimbursement methodology for hospital based and free standing psychiatric residential treatment facilities (PRTFs).

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 09-013 is approved effective July 1, 2009. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please contact Christine Storey at (303) 844-7044.

Sincerely,


Cindy Mann
Director, CMCS

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

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

1. TRANSMITTAL NUMBER:
09-013

2. STATE
Montana

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
7/1/09

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:
N/A

7. FEDERAL BUDGET IMPACT:
a. SFY 10 \$238,923
b. SFY 11 \$238,923

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

CBS-52510
Attachment 4.19A, Service 16, Pages 1-3
D

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

CBS-52510
Attachment 4.19A, Service 16, Pages 1-3
D

10. SUBJECT OF AMENDMENT:

The purpose of this amendment is to update the reimbursement methodology for Psychiatric Residential Treatment Facilities to include State Plan Services.

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Mary E. Dalton

13. TYPED NAME: Mary Dalton

14. TITLE: State Medicaid Director

15. DATE SUBMITTED: 5/6/10

16. RETURN TO:

Montana Dept of Public Health and Human Services
Mary Dalton
Attn: Jo Thompson
PO Box 4210
Helena MT 59604

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

6-2-10

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JUL - 1 2009

20. SIGNATURE OF REGIONAL OFFICIAL:

Bill [Signature] R. CM

21. TYPED NAME:

William Lasowski

22. TITLE:

Deputy Director, CMCS

23. REMARKS:

A. MONTANA MEDICAID REIMBURSEMENT FOR PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES (PRTF)

PRTF services must be medically necessary. A provider will not be reimbursed unless services are authorized by the department or their utilization review contractor.

Reimbursement will be made to a PRTF provider for no more than 14 patient days per youth per SFY for reserving a bed while the youth is temporarily absent for a therapeutic home visit (THV). A THV is 3 days or less, unless authorized by the department.

1) IN-STATE PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES

The department will reimburse in-state PRTFs a bundled per-diem interim rate. The interim rate consists of the bundled psychiatric service reimbursement rate, plus a facility specific add-on ancillary rate and a direct care wage rate. The interim rate includes reimbursement for all psychiatric, medical and ancillary services provided in and by the PRTF. Medicaid reimbursement for medical and ancillary services provided outside the PRTF to a youth in the PRTF is not available.

a) PRTF REIMBURSEMENT

1) Psychiatric Service Rate

The bundled psychiatric service rate is a set fee and adjusted subsequently through provider rate increases at the beginning of the state fiscal year. The current bundled psychiatric service rate was set as of July 1, 2009, and is effective for services on or after that date. All rates are published on the department's website at MTMedicaid.org. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

The Montana Medicaid program will pay a provider, for each Medicaid inpatient day, a bundled per diem psychiatric rate less any third party or other payments. The bundled per diem psychiatric rate for hospital based and free standing psychiatric residential treatment facility services provided by all Montana providers is the lesser of:

- The amount specified in the department's Medicaid Mental Health fee schedule; or
- The provider's usual and customary charges (billed charges).

Medicaid payment is not allowable for treatment or services unless provided in a hospital based or free standing psychiatric residential treatment facility as defined in service 16 of the supplement to attachments 3.1A and 3.1B of Montana's State Medicaid plan.

The per diem psychiatric service rate provided above for hospital based and free standing psychiatric residential treatment facility providers located in the state of Montana is the final rate, and such rate will not be adjusted retrospectively based upon more recent cost data or inflation estimates. Cost settlements will not be performed.

The per diem psychiatric service rate includes all services related to treating the youth's psychiatric condition provided in and by a PRTF with the exception of psychiatrist services and psychotropic medication prescribed during the youth's stay in the PRTF and post-discharge. Psychiatrist services are paid as part of the facility specific ancillary rate and psychotropic medication expenses will be cost-settled at the end of the SFY.

ii) Facility Specific Ancillary Add-On Rate

A facility specific daily rate was added to the bundled psychiatric service rate on the department's fee schedule July 1, 2009. The facility specific ancillary rate is based on Medicaid paid claims for medical and ancillary services youth received while in an in-state PRTF during the base year. All Medicaid State Plan services reimbursed for youth residing in an in-state PRTF in federal fiscal year (FFY) 2007 were totaled and divided by the total number of PRTF bed days in FFY 2007 (paid by Montana Medicaid) per facility, to calculate a daily ancillary rate per facility.

iii) Direct Care Wage Add-On Rate

The direct care wage add-on rate is additional funding paid through a contract with the department to Medicaid providers, including PRTFs, to increase the wages and benefits of their direct care workers as part of their per diem rate. The direct care wage increase was added to enhance service delivery by retaining and hiring qualified staff. The department determines a maximum monthly payment for each provider as a pro rata share of the allocated funds.

The rate calculation includes a census of full-time equivalent (FTE) direct care workers; a ratio of Montana Medicaid youth served to all youth served; the PRTF portion of the total FTE direct care worker wages; and the portion of PRTF direct care workers from the total number of workers from qualified providers divided by the appropriation. (FTE is based on 40 hours a week.)
Rate = appropriation (\$5,013,724) / # of direct care workers x % of Montana Medicaid paid facility bed days in state fiscal year.

iv) PRTF Assessment Service (PRTF-AS) Rate

PRTF-AS services are reimbursed higher than the bundled psychiatric service rate and includes the facility specific ancillary and direct care wage add-on rate. PRTF-AS ancillary expenses will be included in the PRTF cost report in section b.

PRTF-AS services are provided by in-state PRTFs and are short-term lengths of stay of 14 days or less. The department increased the daily PRTF rate 15% for

"assessment services" to incentivize in-state PRTFs to evaluate SED youth with multiple and special treatment needs and to offset the higher professional staff expenses in a short PRTF stay. Fifteen % was a negotiated amount between the Department and providers.

If short-term PRTF-AS services will not meet the youth's needs, a regular PRTF authorization will be requested and the PRTF interim rate will be paid versus the higher PRTF-AS rate. Readmissions to a PRTF, following a PRTF-AS stay will be closely monitored for medical necessity.

b) COST REPORTS

The in-state PRTFs will complete a cost report within 150 days of the end of the state fiscal year (SFY), and identify their ancillary expenses. The department will only cost-settle the PRTF's ancillary expenses.

Allowable costs will be determined in accordance with generally accepted accounting principles as defined by the American Institute of Certified Public Accountants. Definitions of allowable and non-allowable costs are further defined in accordance with the Medicare Provider Reimbursement Manual, CMS Publication 15-1, subject to the exceptions and limitations provided in the department's administrative rules. Publication 15-1 is a manual published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, which provides guidelines and policies to implement Medicare regulations which set forth principals for determining reasonable cost of provider services furnished under the Health Insurance for Aged Act of 1965, as amended.

The department will reimburse PRTFs for ancillary expenses that exceed 105% of the base year, FFY 2007. The facility specific ancillary rate is determined from the base year ancillary expenses and included in the per diem rate. The PRTFs will reimburse the department for expenses below 95% of the base year. No adjustments to the ancillary rate will be made if expenses are between 95 and 105% of the base year. The department may approve interim payments to the PRTFs for the treatment of unusually expensive medical conditions. Interim payments will be included in the cost report.

c) HOSPITAL-BASED PRTF CONTINUITY OF CARE PAYMENT

In-state hospital-based PRTFs receive a continuity of care payment as defined in Montana State Plan Amendment 4.19A.

2. OUT-OF-STATE PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES

Out-of-state PRTFs will be reimbursed 50% of their usual and customary charges and will not exceed 100% of the cost of doing business. Reimbursement will include all Medicaid covered psychiatric, medical, and ancillary services provided in and by the PRTF. Medicaid reimbursement for medical and ancillary services provided outside the PRTF to a youth in the PRTF is not available. Out-of-state PRTFs will not be cost settled as outlined in section b for in-state PRTFs.

OS Notification

State/Title/Plan Number: Montana 09-013

Type of Action: SPA approval

Required Date for State Notification: June 10, 2010

Fiscal Impact:

FFY 2009	\$ 80,497 FFP
FFY 2010	\$238,923 FFP

Number of Services Provided by Enhanced Coverage, Benefits or Retained Enrollment: 0

Number of Potential Newly Eligible People: 0

Eligibility Simplification: No

Provider Payment Increase: Yes

Delivery System Innovation: No

Number of People Losing Medicaid Eligibility: 0

Reduces Benefits: No

Detail: The amendment clarifies that the rate year for inpatient psychiatric residential treatment facilities (PRTFs) will be from July 1 to June 30th. In March, under Montana 09-05 the State provided for per diem reimbursement including ancillary services. Going forward rate will be set for the July-June period which conforms with the States fiscal year.

Source of funding is derived from General Fund Appropriations. Public notice/process was met. State is compliant with limit provision provided under 42 CFR 447.325.

Other Considerations: This plan amendment has not generated significant outside interest and we do not recommend the Secretary contact the governor. This OSN has been reviewed in the context of the ARRA and approval of the OSN is not in violation of ARRA provisions.

CMS Contact: Christine Storey (303) 844-7044
National Institutional Reimbursement Team