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**State/Territory Name:** Montana

**State Plan Amendment (SPA) #:** MT-10-032

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) 179
- 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



**Center for Medicaid , CHIP, and Survey & Certification**

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DEC - 8 2010

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

Re: Montana 10-032

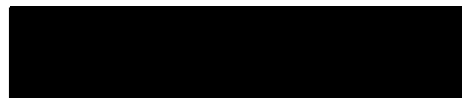
Dear Ms. Dalton:


We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 10-032. Effective for services on or after September 1, 2010, this amendment revises the reimbursement methodology for psychiatric residential treatment facilities (PRTFs). Specifically, this amendment allows for the inclusion of additional ancillary services within the facility specific add-on component of the rate.

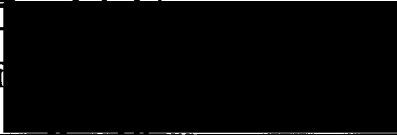
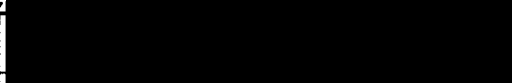
We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are now ready to approve Medicaid State plan amendment 10-032 effective September 1, 2010. 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

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 10 032	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 9-1-10	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN      X <input 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 441 Subpart D 42 CRR 440.160		7. FEDERAL BUDGET IMPACT: a. FFY 2010 \$73,432 b. FFY 2011 \$881,189 c. FFY 2012 \$881,189	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19D, Service 16, Pages 1-3		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Attachment 4.19D, Service 16, Pages 1-3	
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): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT      X <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> _____ DAYS OF SUBMITTAL			
12. SIGNATURE OFFICIAL: 		16. RETURN TO: Montana Dept of Public Health and Human Services Mary E. Dalton Attn: Jo Thompson PO Box 4210 Helena MT 59604	
13. TYPED NAME: Mary E. Dalton			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED: 9/28/10			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:		18. DATE APPROVED: 12-08-10	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: SEP -1 2010			
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, and ancillary services provided by outside providers under contract with the PRTF.

a) PRTF REIMBURSEMENT

i) 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 100% 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 100% 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, and ancillary services provided by outside providers under contract with the PRTF. Out-of-state PRTFs will not be cost settled as outlined in section b for in-state PRTFs.