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State/Territory Name: Montana

State Plan Amendment (SPA) #: 17-0012

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) 179
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

JUN 07 2018

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

Re: Montana 17-0012

Dear Ms. Matthews:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 17-0012. Effective for services on or after August 1, 2017, this amendment updates the reimbursement methodology for Montana's Graduate Medical Education (GME) Program. Specifically, this amendment includes psychiatry full time equivalents (FTEs) as part of the calculation, and increases the State funds available as appropriated by the State Legislature.



We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 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 TN 17-0012 is approved effective August 1, 2017. The HCFA-179 and the amended plan pages are attached.

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

Sincerely,



Kristin Fan
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 17-0012	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 08/01/17	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>):			
<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 (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 413.75 42 CFR 447.272		7. FEDERAL BUDGET IMPACT: a. FFY 2017: \$9,271,636 b. FFY 2018: \$7,780,054	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Service 1, Inpatient Hospital Services, Pages 13, 14, 14a, 15, and 15a.		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19A, Service 1, Inpatient Hospital Services, Pages 13, 14 and 15.	
10. SUBJECT OF AMENDMENT: DPHHS is proposing three changes to the Graduate Medical Education Payment Program. The first change to the program will include psychiatry full time equivalents (FTE) in the calculation of the Graduate Medical Education Full Time Equivalent count for eligible facilities. The second change will include FTE count for rural rotations in the calculation for Graduate Medical Education Full Time Equivalent count for eligible facilities. The final change is to incorporate the additional \$400,000 in state funds appropriated by the State Legislature.			
11. GOVERNOR'S REVIEW (<i>Check One</i>):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Single Agency Director Review	
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Montana Department of Public Health and Human Services Marie Matthews Attn: Mary Eve Kulawik PO Box 4210 Helena MT 59620	
13. TYPED NAME: Marie Matthews			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED: original submittal 7/31/17 Resubmittal 4/16/18			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: JUN 07 2018	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: AUG 01 2017		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Kristin Fan		22. TITLE: Director, FUCE	
23. REMARKS:			

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Attachment 4.19A
Service 1
Inpatient Hospital Services
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$HRA2 = (J/D) \times P$

Where:

- (i) "HRA2" represents the calculated Part 2 HRA payment.
- (ii) "J" equals amount of charges billed to Medicaid by the hospital for which the payment is being calculated.
- (iii) "D" equals the total amount of charges billed to Medicaid by all hospitals eligible to receive Part 2 of the HRA payment.
- (iv) "P" equals the total amount to be paid via Part 2 of the HRA. The State's share of "P" will be a minimal portion of the total revenue generated by Montana's hospital utilization fee, less all of the following:
 - (A) the amount expended as match for supplemental DSH Payments.
 - (B) the amount expended as match for continuity of care payments; and
 - (C) the amount expended as match for Part 1 of the HRA.

Effective, January 01, 2017, the total Medicaid billed charge amounts used to calculate part 2 of the HRA must be from the Department's and the Third Party Administrator's (TPA) paid claims data in the most recent calendar year. The State will make Hospital Reimbursement Adjustment payments during the third quarter of the SFY. This reimbursement will be excluded from cost settlement.

J. GRADUATE MEDICAL EDUCATION (GME)

In addition to Medicaid payments, a GME payment is made to partially fund providers for their otherwise unreimbursed costs of providing care to Medicaid members as part of the primary care and psychiatry residency program to an eligible hospital located in Montana.

The State portion of the GME pool amount for the current state fiscal year (SFY) is \$910,429. Therefore, the GME payment made in the current SFY supplements services for the first quarter of the SFY.

The Department will make a payment for the first quarter of the SFY, no later than the fourth quarter of the SFY, to the eligible hospitals. Payment will not exceed 25 percent of the available upper payment limit (UPL) for the first quarter of the SFY. If the payment pool is not paid in its entirety due to its exceeding the 25 percent UPL availability, then the remainder not paid during the first quarter will be paid in the following quarter or quarters, up to the UPL room available for each respective quarter in the SFY.

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Payment for the current SFY for eligible participating providers will be calculated based upon the following variables from prior SFY data: the eligible hospital's inpatient Medicaid utilization per year, primary care provider FTEs on the as-filed cost report, and psychiatry and rural rotation FTEs on the approved self-attestation form. For Example, the hospital's Medicaid utilization data and FTE counts from the cost reports and self-attestation forms for the period ending SFY2017 will be used for the SFY2018 payments. The approved self-attestation forms include FTEs that are not on the Medicare as-filed cost report. The FTE counts include primary care and psychiatry residents and residents conducting rural rotations.

Should an eligible hospital report no full time equivalents (FTE) participating in the GME program for any given program year or portion thereof, the eligible hospital will not receive payment for those time periods of non-participation. The GME payment regarding the primary care and psychiatry residency program shall be computed as follows:

The approved newly eligible allocation methodology, the State portion of the GME pool amount, and the various FMAPs for each of the eligibility groups will be used to determine the total payment amount to be distributed. The total computable amount is calculated as follows:

- (1) Calculation of Traditional Medicaid Portion of the Total Computable Amount

State Portion of GME Pool X (Traditional Medicaid %) = Traditional Medicaid State Portion (TMSP)

$$\frac{\text{TMSP}}{(1 - \text{Traditional Medicaid FMAP})} = \text{Total for Traditional Medicaid}$$

- (2) Calculation of Newly Eligible Medicaid Portion of the Total Computable Amount

State Portion of GME Pool X (Newly Eligible Medicaid %) = Newly Eligible State Portion (NESP)

$$\frac{\text{NESP}}{(1 - \text{Newly Eligible Medicaid FMAP})} = \text{Total for Newly Eligible Medicaid}$$

- (3) Calculation of Total Computable Amount

Total Computable Amount = Total for Traditional Medicaid + Total for Newly Eligible Medicaid

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Below is a demonstrative example of how the total computable amount is calculated. The amounts utilized are not indicative of actual Montana Medicaid data. For the purposes of this example the following information is necessary:

State Portion of the GME Pool = \$1,000,000
Traditional Medicaid Percentage = 48%
Traditional Medicaid FMAP = 66%
Newly Eligible Medicaid Portion Percentage = 52%
Newly Eligible Medicaid FMAP = 95%

- (1) Calculation of Traditional Medicaid Portion of the Total Computable Amount

$$\$100,000 \times 48\% = \$480,000$$

$$\frac{\$480,000}{(1-0.66)} = \$1,411,765$$

- (2) Calculation of Newly Eligible Medicaid Portion of the Total Computable Amount

$$\$100,000 \times 52\% = \$520,000$$

$$\frac{\$520,000}{(1-0.95)} = \$10,400,00$$

- (3) Calculation of Total Computable Amount

$$\$11,811,765 = \$1,411,765 + \$10,400,000$$

The distribution of the GME payment to each of the eligible hospitals will be computed as follows:

(1) Step one shall be to divide the total GME FTE (GMEFTE) count for each eligible facility based upon the most recently filed cost report by the Total GMEFTE (TGMEFTE) for all eligible facilities to determine the Hospital Percentage of GME (HPGME);

$$\frac{\text{GMEFTE}}{\text{TGMEFTE}} = \text{HPGME}$$

(2) Step two shall be to divide the Hospital Specific Medicaid Inpatient Days (HSMID) by the total Hospital Specific Inpatient Days (HSID) for eligible hospitals to compute the Facility Specific Medicaid Hospital Day percentage (FSMHDP);

$$\frac{\text{HSMID}}{\text{HSID}} = \text{FSMHDP}$$

(3) Step three shall be to add together the FSMHDP for all eligible hospitals to determine a Total Medicaid Hospital Day Percentage (TMHDP);

$$\text{FSMHDP} + \text{FSMHDP} + \text{FSMHDP} + \text{FSMHDP} = \text{TMHDP}$$

(4) Step four shall be to divide each hospital's FSMHDP by the TMHDP to determine the Facility Specific Medicaid Utilization Percentage (FSMUP);

$$\frac{\text{FSMHDP}}{\text{TMHDP}} = \text{FSMUP}$$

(5) Step five shall be to divide the HSMID by the Total Medicaid Inpatient Days (TMID) of all eligible hospitals to compute the Facility Share of Medicaid Utilization (FSMU);

$$\frac{\text{HSMID}}{\text{TMID}} = \text{FSMU}$$

(6) Step six shall be to add the percentage of the FSMUP plus the FSMU plus the HPGME divided by three to acquire the Average Medicaid Utilization (AMU) specific to each eligible hospital; and

$$\frac{\text{FSMUP} + \text{FSMU} + \text{HPGME}}{3} = \text{AMU}$$

(7) Step seven shall be the allocation of funds to each eligible hospital based on the facility specific percentage of AMU as described in step (6).

The GME payment shall comply with the following criteria:

- (i) If the eligible hospital's cost of hospital services do not exceed the total Montana Medicaid allowed payments for hospital care, the eligible hospital will receive a GME payment as calculated in section J. above;
 - (ii) As filed cost reports from eligible hospitals and information from the Medicaid paid claims database will be used for calculations; and
 - (iii) The GME payment must be for services derived from Medicaid paid claims.
- (A) Dates of service must occur within the eligible hospital's fiscal year end and;
 - (B) The hospital's fiscal year must be the year immediately prior to the payment date.
- (iv) At the end of the contract period, the Department will reconcile the total Medicaid payments including the Medicaid GME payments to ensure that the total of these payments do not exceed the Medicaid UPL for the fiscal year.

The following is an example of how the GME payment will be calculated based on four hospitals with eight FTE residents per facility:

	<u>Hospital 1</u>	<u>Hospital 2</u>	<u>Hospital 3</u>	<u>Hospital 4</u>	<u>Totals</u>
GME FTE Count Facility	8	8	8	8	32
Facility Percent of Residents	25.00%	25.00%	25.00%	25.00%	100.00%
Medicaid Inpatient days	9232	8195	3680	7872	
Medicaid Inpatient days in Formula	9232	8195	3680	7872	28979
Total hospital specific inpatient days	64269	53867	39725	26235	
Hospital Medicaid % of total days	14.36%	15.21%	9.26%	30.01%	68.85%
Facility Specific Medicaid Utilization Rate	21%	22%	13%	44%	
Medicaid Inpatient days	9232	8195	3680	7872	28979
Facility Share of Medicaid Utilization	31.86%	28.28%	12.70%	27.16%	100.00%
straight average of 3 percentages	25.91%	25.13%	17.05%	31.92%	100.00%
Allocation of Funds	\$258,263	\$250,469	\$169,981	\$ 318,160	\$996,875