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State/Territory Name: Montana

State Plan Amendment (SPA) #: 18-0027

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

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

JUN 25 2018

Re: Montana 18-0027

Dear Ms. Matthews:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 18-0027. Effective for services on or after March 8, 2018, this amendment discontinues the supplemental disproportionate share hospital (DSH) payment to in-state hospital. This amendment also provides for an additional, fourth quarter, supplemental payment for the Hospital Reimbursement Adjustor (HRA) payment.



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 18-0027 is approved effective March 8, 2018. 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: 18-0027	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 03/08/2018	
5. TYPE OF PLAN MATERIAL (Check One): <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 (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.298 1902(a)(30)(A) of the Social Security Act		7. FEDERAL BUDGET IMPACT: FFY 18 \$2,058,734 (7 months) FFY 19 \$22,140,843 (12 months) FFY 20 \$19,338,524 (5 months)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Service 1, Inpatient Hospital Services Pages 7, 9, 10, 11, 12 and 13.		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19A, Service 1, Inpatient Hospital Services Pages 7, 9, 10, 11, 12 and 13.	
10. SUBJECT OF AMENDMENT: The purpose of the proposed state plan amendment is to discontinue supplemental disproportionate share hospital payment to in-state hospitals.			
11. GOVERNOR'S REVIEW (Check One): <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 Eye Kulawik PO Box 4210 Helena MT 59620	
13. TYPED NAME: Marie Matthews			
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED: 3-31-18			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: JUN 25 2018	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: MAR 08 2018		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Janet Freeze		22. TITLE: Deputy Director, FMG	
23. REMARKS:			

F. DISPROPORTIONATE SHARE PROVIDERS

Hospitals providing services to a disproportionate share of low-income or Medicaid eligible members shall receive an additional payment as computed below.

To be deemed eligible for a routine DSH payment adjustment, the hospital must meet the following criteria:

- A) Medicaid inpatient utilization rate at least one standard deviation above the mean Medicaid inpatient utilization rate for hospitals receiving Medicaid payments in the State or a low income utilization rate that exceeds twenty percent (20%);
- B) Medicaid inpatient utilization rate of at least one percent (1%);
- C) The hospital must have at least two obstetricians with staff privileges at the hospital who agree to provide obstetric services to individuals entitled to such services under the State Plan. In the case where a hospital is located in a rural area (that is, an area outside of a Metropolitan Statistical area, as defined by the Executive Office of Management and Budget), the term obstetrician includes any physician with staff privileges at the hospital to perform non-emergency obstetric procedures; and
- D) Section C does not apply to a hospital which:
 - i) Predominantly has inpatient admissions for individuals under 18 years of age; or
 - ii) Does not offer non-emergency obstetric services as of December 22, 1987.

The routine DSH payment will be an amount equal to the product of the hospital's Medicaid operating cost payment times the hospital's Medicaid DSH adjustment percentage developed under rules established by section 1886 (d)(5)(F)(iv) of the Social Security Act. Prospective Payment System (PPS) hospitals are paid routine DSH upon payment of the claim. CAHs are paid annually during the fourth quarter of the federal fiscal year (FFY).

Hospitals must be located within the borders of the State of Montana to be eligible for routine disproportionate share payments.

The total DSH payment made to the hospital shall not exceed the costs of furnishing hospital services by the hospital to individuals who either are eligible for medical assistance under the State Plan or have no health insurance (or other source of third party coverage), as established in Section 1923 of the Social Security Act and the Benefits Improvement and Protection Act of 2000 (BIPA).

G. AUDITS AND RECOVERY OF OVERPAYMENTS

The Department may perform audits or desk reviews pursuant to ARM 37.40.346. If at any time during an audit or desk review, the Department discovers evidence suggesting fraud or abuse by a provider, such evidence along with the last audit report regarding said provider, shall be referred to the State's Medicaid Fraud Unit.

The Department shall submit an independent certified audit to the Centers for Medicare and Medicaid Services (CMS) for each Medicaid State Plan rate year consistent with 42 CFR 455 Section(D). Should the Department determine there was an overpayment paid to a provider based upon the most recent audit or desk review, the Department will immediately recover the overpayment pursuant to ARM 37.86.2820. The amount of the overpayment will be redistributed to providers who did not exceed the hospital specific UPL during the period in which the DSH payments were determined. The payments will be distributed pursuant to ARM 37.86.2925 and will be subject to hospital specific UPLs.

H. HOSPITAL BASED AND FREE STANDING INPATIENT PSYCHIATRIC SERVICES

1. Hospital based and free standing inpatient psychiatric services are reimbursed using the Inpatient Prospective Payment Method described in section A of this document.

2. The Department will reimburse in-state PRTFs an all-inclusive bundled per-diem interim rate as described in Attachment 4.19D, Service 16, PRTF.

3. All Montana providers of hospital based inpatient psychiatric services for individuals under age 21 shall be eligible to receive an annual continuity of payment (CCP) in addition to per-diem reimbursement. The CCPs will completely or partially reimburse providers for their otherwise un-reimbursed costs of providing care to Medicaid members. Total Medicaid payments to a provider of hospital based inpatient psychiatric services for individuals under age 21 will not exceed the Medicaid costs of that provider.

The amount of the CCP for each qualifying provider will be determined based upon the following formula:

$$\text{CCP} = [\text{M}/\text{D}] \times \text{P}$$

Where:

1. CCP equals calculated continuity of care payment.
2. "M" equals the number of Medicaid days provided by the facility for which the CCP is being calculated.
3. "D" equals the total number of Medicaid days provided by all facilities eligible to receive a CCP.
4. "P" equals the total amount to be paid via the Continuity of Care Payment. The State's share of "P" will be the total amount of revenue generated by Montana's hospital utilization fee.

The Medicaid days figures shall be from the Department's paid Medicaid claim data for the most recent calendar year that ended at least 12 months prior to the calculation of the CCPs.

CCPs will be paid in a lump-sum payment in the 3rd quarter of the State's fiscal year, which will be limited to 75% of the State's overall UPL, and make an additional payment in the 4th quarter, which will be limited to the unpaid percentage of the State's UPL.

I. HOSPITAL REIMBURSEMENT ADJUSTOR

All hospitals located in Montana that provide inpatient hospital services are eligible for a Hospital Reimbursement Adjustment (HRA) Payment. The payment consists of two separately calculated amounts.

In order to maintain access and quality in the most rural areas of Montana, CAHs shall receive both components of the HRA. All other hospitals shall receive only Part 1, as defined below in (1). For the purposes of determining HRA payment amounts, the following apply:

1. Part 1 of the HRA payment will be based upon Medicaid inpatient utilization, and will be computed as follows: $HRA1 = [M/D] \times P$. For the purposes of calculating Part 1 of the HRA, the following apply:

$$HRA1 = (M/D) \times P$$

Where:

- (i) "HRA I" represents the calculated Part 1 HRA payment.
- (ii) "M" equals the number of Medicaid inpatient days provided by the hospital for which the payment amount is being calculated.
- (iii) "D" equals the total number of Medicaid inpatient days provided by all hospitals eligible to receive an HRA payment.
- (iv) "P" equals the total amount to be paid via Part 1 of the HRA. The State's share of "P" will be the total amount of revenue generated by Montana's hospital utilization fee, less all of the following:
 - (A) the amount expended as match for continuity of care payments; and
 - (B) the amount expended as match for Part 2 of the HRA.

Effective January 01, 2017, the Medicaid inpatient day numbers used to calculate Part 1 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.

2. Part 2 of the HRA payment will be based upon total Medicaid billed charges, and will be computed as follows: $HRA2 = [J/D]P$. For the purposes of calculating Part 2 of the HRA, the following apply:

$HRA2 = (J/D) \times P$

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 continuity of care payments; and
 - (B) 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 HRA in a lump-sum payment in the 3rd quarter of the State's fiscal year, which will be limited to 75% of the State's overall UPL, and make an additional payment in the 4th quarter, which will be limited to the unpaid percentage of the State's UPL. 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.