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State/Territory Name: Montana

State Plan Amendment (SPA) #: 19-0007

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
1961 Stout Street, Room 08-148
Denver, CO 80294

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Denver Regional Operations Group

December 13, 2019

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

Dear Ms. Matthews:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number MT-19-0007. This amendment revises MT's FQHC and RHC services payment methodology to include an Alternative Payment Methodology (APM).

Please be informed that this State Plan Amendment was approved December 11, 2019, with an effective date of July 1, 2019. We are enclosing the summary page and the amended plan page(s).

If you have any questions regarding this SPA please contact Barbara Prehmus at (303) 844-7472.

Sincerely,

[redacted]

Richard C. Allen
Director, Western Regional Operations Group
Denver Regional Office
Centers for Medicaid and CHIP Services

cc: Sheila Hogan, Montana Department Director
Mary Eve Kulawik, Montana

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

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 19-0007

2. STATE: Montana

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
07/01/2019

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN X AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
1902(a)(10)(A) and 1902 (bb) of the Social Security Act

7. FEDERAL BUDGET IMPACT:

Total:
a. FFY 2019 $3,845,162 (3 months)
b. FFY 2020 $15,599,670 (12 months)
c. FFY 2021 $12,803,115 (9 months)

FQHC:
a. FFY 2019 $2,257,824 (3 months)
b. FFY 2020 $9,275,035 (12 months)
c. FFY 2021 $7,870,935 (9 months)

RHC:
a. FFY 2019 $1,587,338 (3 months)
b. FFY 2020 $6,324,635 (12 months)
c. FFY 2021 $4,932,180 (9 months)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19B, Rural Health Clinics (RHC), Service 2B, Page 1 through 2 of 2.
Attachment 4.19 B, Federally Qualified Health Centers (FQHC), Service 2C, Pages 1 through 2 of 2.

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:

Attachment 4.19B, Rural Health Clinics (RHC), Service 2B, Pages 1 through 3 of 3.
Attachment 4.19 B, Federally Qualified Health Centers (FQHC), Service 2C, Pages 1 through 3 of 3.

10. SUBJECT OF AMENDMENT:
The FQHC and RHC State Plans are being amended to allow FQHCs and RHCs to elect to be reimbursed under an Alternative Payment Methodology (APM). The optional APM is intended to ensure FQHC and RHC PPS rates accurately reflect the cost of the current services they provide. FQHC and RHC providers will have the option to submit two years of current cost reporting information to establish a per-visit rate derived from current cost. The APM will be available for year and is not mandatory.

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: Single Agency Director Review

12. SIGNATURE OF STATE AGENCY OFFICIAL:
[redacted]

13. TYPED NAME: Marie Matthews

14. TITLE: State Medicaid Director

15. DATE SUBMITTED: Original submittal 9/30/19
Resubmittal 12/7/19

16. RETURN TO:
Montana Department of Public Health and Human Services
Marie Matthews
Attn: Mary Eve Kulawik
PO Box 4210
Helena MT 59620

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: September 30, 2019

18. DATE APPROVED: December 11, 2019

FORM HCFA-179 (07-92)

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2019	20. SIGNATURE OF REGIONAL OFFICIAL: [redacted]
21. TYPED NAME: Richard C. Allen	22. TITLE: Director, WROG
23. REMARKS:	

MONTANA

REIMBURSEMENT FOR RURAL HEALTH CLINICS (RHCs)

All RHC services will be reimbursed on a prospective payment system (PPS) beginning with fiscal year 2001 with respect to services furnished on or after January 1, 2001 and each succeeding fiscal year. The PPS will apply equally to provider based and independent (free-standing) RHCs.

A. PAYMENT FOR SERVICES PROVIDED BY RHCs

The payment for RHC services will be as described in Section 1905(a)(2)(C) 42 U.S.C. 1396a. For services furnished on or after January 1, 2001, payment for services for a RHC shall be calculated on a per visit basis. This payment shall be equal to 100 percent of the average of the costs of the clinic of furnishing such services during the clinic's fiscal years 1999 and 2000 which are reasonable and related to the cost of furnishing such services. Reasonableness shall be determined as the Secretary prescribes in the Social Security Act under section 1 833(a)(3); or, in the case of services to which such regulations do not apply, the same methodology used under section 1 833(a)(3), adjusted to take into account any change in the scope of such services furnished by the clinic during fiscal year 2001. The RHC shall report any change in the scope of services by filing a cost report for the clinic's fiscal year 2001 and subsequent fiscal years within 150 days after the close of the provider's reporting period.

The per visit payment rate shall include the costs of other ambulatory services. Allowable RHC costs for other ambulatory services shall be determined in accordance with Medicare reasonable cost principles as set forth in 42 CFR Part 413 and 45 CFR Part 75 Uniform Administrative Requirement, Cost Principle, and Audit Requirements for HHS Awards. All other ambulatory services are defined and furnished in accordance with the approved State Plan and recognized by the state under the RHC benefit.

For services furnished during fiscal year 2002 or a succeeding fiscal year, the payment for such services will be in an amount (calculated on a per visit basis) that is equal to the amount of the PPS per visit rate for the preceding fiscal year:

1) adjusted by the percentage increase in the Medicare Economic Index (MEI) applicable to primary care services for that calendar year; and

2) adjusted to take into account any change in the scope of services furnished by the clinic during that fiscal year.

MONTANA

B. ESTABLISHMENT OF INITIAL YEAR PAYMENT FOR NEW RHCS

To determine the initial year Medicaid PPS baseline for a newly qualified RHC, reimbursement shall be equal to 100 percent of the costs of furnishing services based on the PPS rates for other clinics located in the same or adjacent area with a similar caseload. In the event that there is no such clinic, payment shall be made in accordance with the methodology for existing clinics established by the PPS or based on other tests of reasonableness that the Secretary may specify.

Once the PPS baseline for a new clinic is established, the clinic's per visit rate for years thereafter will be equal to the PPS per visit rate for the preceding fiscal year:

1) increased by the percentage increase in the MEI applicable to primary care services for that calendar year; and
2) adjusted to take into account any change in the scope of services furnished by the clinic during that fiscal year.

C. ALTERNATIVE PAYMENT METHODOLOGY (APM)

Effective July 1, 2019, RHCs can elect to be reimbursed under an Alternative Payment Methodology (APM). The APM is intended to ensure the RHCs PPS rates accurately reflect the cost of the current services provided. The Department will calculate a per-visit rate derived from current cost, using current cost reports for the previous two years. Cost data from these reports will be used to set reimbursement rates under the alternative payment method. The Department will determine and assure that the payments are based upon, and cover, the reasonable costs of providing services to Medicaid beneficiaries.

An RHC must agree to the APM in order to receive payment in accordance with the APM. The APM per-visit rate will be at least equal to the RHC's existing PPS rate. RHC providers who elect to be reimbursed under the APM shall make the request to the Department in writing no later than July 1, 2020.

For services furnished during fiscal year 2021 or a succeeding fiscal year, the payment for such services will be in an amount (calculated on a per visit basis) that is equal to the amount of the APM per visit rate for the preceding fiscal year:

1) adjusted by the percentage increase in the MEI applicable to primary care services for that calendar year; and

2) adjusted to take into account any change in the scope of services furnished by the clinic during that fiscal year.

MONTANA

REIMBURSEMENT FOR FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)

All FQHC services will be reimbursed on a prospective payment system (PPS) beginning with fiscal year 2001 with respect to services furnished on or after January 1, 2001 and each succeeding fiscal year.

A. PAYMENT FOR SERVICES PROVIDED BY FQHCs

The payment for FQHC services will be as described in Section 1905(a)(2)(C) 42 U.S.C. 1396a. For services furnished on or after January 1, 2001, payment for services for a FQHC shall be calculated on a per visit basis. This payment shall be equal to 100 percent of the average of the costs of the center of furnishing such services during the center's fiscal years 1999 and 2000 which are reasonable and related to the cost of furnishing such services. Reasonableness shall be determined as the Secretary prescribes in the Social Security Act under section 1 833(a)(3); or, in the case of services to which such regulations do not apply, the same methodology used under section 1 833(a)(3), adjusted to take into account any change in the scope of such services furnished by the center during fiscal year 2001. The FQHC shall report any change in the scope of services by filing a cost report for the center's fiscal year 2001 and subsequent fiscal years within 150 days after the close of the provider's reporting period.

The per visit payment rate shall include the costs of other ambulatory services. Allowable FQHC costs for other ambulatory services shall be determined in accordance with Medicare reasonable cost principles as set forth in 42 CFR Part 413 and 45 CFR Part 75 Uniform Administrative Requirement, Cost Principle, and Audit Requirements for HHS Awards. All other ambulatory services are defined and furnished in accordance with the approved State Plan and recognized by the state under the FQHC benefit.

For services furnished during fiscal year 2002 or a succeeding fiscal year, the payment for such services will be in an amount (calculated on a per visit basis) that is equal to the amount of the PPS per visit rate for the preceding fiscal year:

1) adjusted by the percentage increase in the Medicare Economic Index (MEI) applicable to primary care services for that calendar year; and

2) adjusted to take into account any change in the scope of services furnished by the center during that fiscal year.

MONTANA

B. ESTABLISHMENT OF INITIAL YEAR PAYMENT FOR NEW FQHCs

To determine the initial year Medicaid PPS baseline for a newly qualified center, reimbursement shall be equal to 100 percent of the costs of furnishing services based on the PPS rates for other centers located in the same or adjacent area with a similar caseload. In the event that there is no such center, payment shall be made in accordance with the methodology for existing centers established by the PPS or based on other tests of reasonableness that the Secretary may specify.

Once the PPS baseline for a new center is established, the health center's per visit rate for years thereafter will be equal to the PPS per visit rate for the preceding fiscal year:

1) increased by the percentage increase in the MEI applicable to primary care services for that calendar year; and

2) adjusted to take into account any change in the scope of services furnished by the center during that fiscal year.

C. ALTERNATIVE PAYMENT METHODOLOGY (APM)

Effective July 1, 2019, FQHCs can elect to be reimbursed under an Alternative Payment Methodology (APM). The APM is intended to ensure the FQHCs' PPS rates accurately reflect the cost of the current services provided. The Department will calculate a per-visit rate derived from current cost, using current cost reports for the previous two years. Cost data from these reports will be used to set reimbursement rates under the alternative payment method. The Department will determine and assure that the payments are based upon, and cover, the reasonable costs of providing services to Medicaid beneficiaries.

An FQHC must agree to the APM in order to receive payment in accordance with the APM. The APM per-visit rate will be at least equal to the FQHC's existing PPS rate. FQHC providers who elect to be reimbursed under the APM shall make the request to the Department in writing no later than July 1, 2020.

For services furnished during fiscal year 2021 or a succeeding fiscal year, the payment for such services will be in an amount (calculated on a per visit basis) that is equal to the amount of the APM per visit rate for the preceding fiscal year:

1) increased by the percentage increase in the MEI applicable to primary care services for that calendar year; and

2) adjusted to take into account any change in the scope of services furnished by the center during that fiscal year.