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State/Territory Name: Nevada

State Plan Amendment (SPA) #: 13-032

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages



AUG 27 2014

Romaine Gilliland, Director
Department of Health and Human Services
4126 Technology Way, Suite 100
Carson City, Nevada 89706

RE: Nevada SPA 13-032

Dear Mr. Gilliland:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 13-032. This amendment, effective January 1, 2014, implements a new inpatient hospital supplemental payment for private and non-state governmental hospitals based on each hospital's Medicaid fee-for-service inpatient utilization.

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. This is to inform you that Medicaid State plan amendment 13-018 is approved effective January 1, 2014. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

A large black rectangular redaction box covers the signature area of the letter.

Cindy Mann
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 13-032	2. STATE NEVADA
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION	4. PROPOSED EFFECTIVE DATE January 1, 2014	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

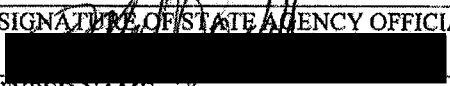
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: State Plan Under Title XIX of the Social Security Act: 42 CFR 413.75-447 Subpart C	7. FEDERAL BUDGET IMPACT: a. FFY 2014 \$19,796,502.00⁰ b. FFY 2015 \$21,507,853.00⁰
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <u>Attachment 4.19-A, Pgs. 32b – 32d</u>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): <u>NEW</u>

10. SUBJECT OF AMENDMENT:
Implementing a new supplemental payment program for Acute Care hospitals based on inpatient services utilization.

11. GOVERNOR'S REVIEW (Check One):


GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED The Governor's Office does not
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL wish to review the State Plan Amendment.

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Marta Stagliano, Chief of Program Integrity DHCFP/Medicaid 1100 East William Street, Suite 101 Carson City, NV 89701
13. TYPED NAME: Michael J. Willden	
14. TITLE: Director, Department of Health and Human Services	
15. DATE SUBMITTED: JAN 07 2014	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: AUG 27 2014
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PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN 01 2014	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Penny Thompson	22. TITLE: Deputy Director, Policy & Financial Mgt. CHES
23. REMARKS: Pen and ink changes made by CMS regional office to Boxes 6 and 7 with state concurrence per email dated March 26, 2014.	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Nevada

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Page 32b

SUPPLEMENTAL PAYMENT FOR INPATIENT HOSPITALS

In order to preserve access to inpatient hospital services for needy individuals in the state of Nevada, effective on or after January 1, 2014, the state's Medicaid reimbursement system shall provide for supplemental payments to inpatient hospitals. These supplemental payments shall be determined on an annual basis and paid to qualifying private and public inpatient hospitals on a quarterly basis. The payments will be based on inpatient hospital Medicaid Fee-For-Service utilization. No payment under this section is dependent on any agreement or arrangement for providers or related entities to donate money or services to a governmental entity.

A. Amount for Distribution

1. The amount of funds to be distributed is the total computable of which the non-federal share is \$11,245,692, for the period from January 1, 2014 to June 30, 2014. For the period July 1, 2014 to June 30, 2015 the amount will be the total computable of which the non-federal share is \$11,245,692.
2. The aggregated amount of supplemental payments to inpatient hospitals shall not exceed the Upper Payment Limit (UPL) for each one of the respective period. The supplemental payment for the period of January 1, 2014 to June 30, 2014 will be accounted for the UPL room available for January 1, 2014 to June 30, 2014. The supplemental payment for the period of July 1, 2014 to June 30, 2015 will be accounted for in the UPL room available for July 1, 2014 to June 30, 2015.

B. Eligibility

1. Nevada acute care inpatient hospitals (PT 11), that are not designated as Critical Access Hospitals (CAH) (PT 75), Psychiatric Inpatient Hospitals (PT 13), Rehabilitation, Specialty or Long Term Acute Care (LTAC) (PT 56), will be deemed to qualify.
2. Nevada acute care inpatient hospitals (PT 11) certified as Trauma I, Trauma II and Trauma III levels will additionally qualify for the distribution of the Trauma case portion of the allotment.

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C. Methodology

1. Data Source

- a. Days count, by date of service, obtained from the Nevada Medicaid Management Information System (MMIS) for the Med/Surg/ICU, Maternity, NICU and Psych/Detox revenue codes.
- b. Data used is from the calendar year two (2) years prior.
 - i. For example, the calculation for payment in State Fiscal Year 2014 would be computed in calendar year 2013 using data from calendar year 2011.
- c. Case Mix Index (CMI) is calculated using the same claims data described above, in (a) and (b) by Contractor University of Nevada Las Vegas, Center for Health Information Analysis (CHIA).
- d. Trauma cases are determined using the same claims data described above, in (a) and (b) by counting the number of patient discharges which have a trauma revenue code.

2. Calculation – The calculation will be computed annually, based on the total allocation amount specified above in A.1 with quarterly payments to be made during calendar year quarters as described in D.1 using the following methodology:

- a. Identify all eligible hospitals as described above in (A).
- b. Determine which hospitals are trauma certified (levels 1, 2 and 3).
- c. Determine the total allocation.
- d. Determine the total count of trauma cases for any trauma certified hospital.
- e. Calculate three percent (3%) of the total allocation to determine the trauma portion of the allocation.
- f. Level I and Level II trauma cases will be given a weight of 100% of the amount to be paid for each trauma case; Level III trauma cases will be given a weight of 50%.
- g. Divide the number of Level I plus Level II plus half the number of Level III trauma cases into the product of 2 (e) above to determine the amount to be paid for each 100% weighted trauma case.

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- h. To calculate the 50% weighted trauma case amount, divide the 100% weighted trauma case by 2.
- i. Multiply the number of trauma cases of hospitals certified as trauma Level I and Level II by the 100% weighted amount determined in (g), to calculate the payment for each hospital in this category.
- j. Multiply the number of trauma cases of hospitals certified as trauma Level III by the amount determined in (h), to calculate the payment for each hospital in this category.
- k. Subtract the trauma portion of the allocation from the total allocation to determine the amount remaining for distribution to eligible hospitals as identified in step 2 (a).
- l. Multiply the number of each hospital's Medicaid Fee-For-Service days, by their Medicaid CMI to determine the number of adjusted days per hospital.
- m. Divide the remaining allocation (the amount in step (c) reduced by the amount in step (e)) by the total adjusted days to determine the per day rate.
- n. Multiply the per day rate times the individual hospital adjusted days to determine each hospital payment.
- o. Add hospital day rate payment amount to the trauma payment, if any, to determine the total payment to each hospital.

D. Payment

1. Payment issued to hospitals participating in the supplemental payment will be deducted and tracked to ensure that total Medicaid payments do not exceed the aggregate amount of (UPL) calculated for the corresponding period (see A.2 above).
2. One fourth (25%) of the total annual allocation (not to exceed the aggregate amount of UPL for the corresponding period) will be paid out quarterly to each eligible hospital, in supplemental payments, due two quarters from the quarter to be paid (e.g. payment for July-September of 2014 will be paid out in the calendar quarter of January-March of 2015). For the payments for January 1, 2014-June 30, 2014, four equal payments will be paid in each of the four calendar quarters of 2014.
3. Each hospital will be issued the supplemental payment by EFT as a financial transaction through the MMIS.