

Table of Contents

State/Territory Name: OH

State Plan Amendment (SPA) #: 13-017

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

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



May 21, 2014

John McCarthy, Director
Ohio Department of Medicaid
P.O. Box 182709
50 West Town Street, Suite 400
Columbus, Ohio 43218

RE: TN 13-017

Dear Mr. McCarthy:

Enclosed for your records is an approved copy of the following State Plan Amendment:

Transmittal #13-017 Modification of the UPL gap calculation for outpatient hospital services,
effective July 1, 2013.

Please contact Christine Davidson, of my staff, at (312) 886-3642 or christine.davidson@cms.hhs.gov
if you have any questions.


Sincerely,

/s/ Alan Freund, Acting ARA

Verlon Johnson
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Enclosure

cc: Debbie Saxe, ODM
 Andy Jones, ODM
 Becky Jackson, ODM

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 13-017	2. STATE OHIO
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: July 1, 2013	
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 part 447, Subpart C		7. FEDERAL BUDGET IMPACT: a. FFY 2013 \$ 5,494 (in thousands) b. FFY 2014 \$ 18,607 (in thousands)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B Item 2-a, Pages 3,4,5,6,7 and 8		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B Item 2-a, Pages 3,4,5,6,7 and 8 (TN 11-026)	
10. SUBJECT OF AMENDMENT: Modification of the UPI, gap calculation for outpatient hospital services			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED:	
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED		Governor has delegated signature authority to Medicaid Director	
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Becky Jackson Ohio Department of Medicaid P.O. BOX 182709 Columbus, Ohio 43218	
13. TYPED NAME: JOHN B. MCCARTHY			
14. TITLE: STATE MEDICAID DIRECTOR			
15. DATE SUBMITTED: 9-30-2013			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 9/30/13		18. DATE APPROVED: 5/21/14	
PLAN APPROVED ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2013		20. SIGNATURE OF REGIONAL OFFICIAL: /s/	
21. TYPED NAME: Alan Freund		22. TITLE: Acting Associate Regional Administrator	
23. REMARKS:			

Instructions on Back

2-a. Supplemental outpatient hospital upper limit payments for private, public non state-owned and public state-owned hospitals

Supplemental Outpatient Payments for State-owned and Operated Hospitals:

- A. Ohio hospitals owned and operated by the state as of October 1 of the year preceding payments (state hospitals) shall be paid supplemental amounts for the provision of hospital outpatient services set forth in this section. The supplemental amounts shall be in addition to any other amounts payable to hospitals with respect to those services.
- B. Data sources used in calculating supplemental payments to state hospitals include the Medicare Cost Report (CMS 2552-10) and Medicaid MMIS outpatient fee-for-service date of service claims data. For state fiscal years 2014 and 2015, the Hospital fiscal year ending in SFY 2012 Medicare cost reports retrieved from the Hospital Cost Report Information System and Medicaid MMIS outpatient visit date of service claims data and Ohio Medicaid Hospital Cost Report (JFS 02930, Rev.5/2012) payment data from the state fiscal year prior to the month of payment will be utilized unless otherwise noted.
- C. The total supplemental payments shall not exceed the amount calculated using the following methodology:
 1. For each state owned or operated hospital, total Medicare outpatient costs from hospital and subprovider worksheet D Part V, columns 5-7, line 202 were divided by the total outpatient Medicare charges from hospital and subprovider worksheet D Part V, columns 2-4, line 202 to establish the hospital specific outpatient Cost to Charge Ratio (CCR). Medicare cost reports with hospital fiscal years ending in SFY 2012 (7/1/2011-6/30/2012) were utilized.
 2. For each state owned or operated hospital, total Ohio Medicaid outpatient charges were multiplied by the CCR calculated in paragraph (C)(1) to calculate Ohio Medicaid outpatient costs.
 3. The outpatient hospital market basket update value was applied to each state owned or operated Ohio hospital's Medicaid costs from paragraph (C)(2) at a discounted rate for hospitals with fiscal year end prior to 2012 state fiscal year end 6/30/2012 plus for two years to determine the UPL for SFY 2014 and a third for SFY 2015. Ohio Medicaid outpatient costs were additionally multiplied by a factor of 1.01 for the Critical Access Hospitals.
 4. Ohio Medicaid outpatient payments for state fiscal year 2012 were then subtracted to find the outpatient upper payment limit gap. The sum of the differences for these public hospitals represents the total state owned outpatient Upper Payment Limit gap.
- D. From a pool of funds equal to the upper payment limit gap calculated in (C)(4), state owned or operated hospitals shall receive a payment equal to a percentage increase in outpatient hospital Medicaid payments applied to SFY 2012 outpatient hospital Medicaid fee-for-service payments. This percentage increase will be equal to the pool amount

TN: 13-017
Supersedes:
TN: 11-026

Approval Date: 5/21/14
Effective Date: 7/1/2013

divided by total state hospital SFY 2012 Medicaid outpatient fee-for-service payments. Supplemental payments shall be paid in four installments within the state fiscal year.

- E. Supplemental payments made to cost based providers will be excluded from the cost settlement process.
- F. Hospital payments made under this section, when combined with other payments made under the State plan shall not exceed the limit specified in 42 CFR 447.321.
- G. The total funds that will be paid to each hospital will be included with all other Medicaid payments in the calculation of disproportionate share limits.

TN: 13-017
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Supplemental Outpatient Payments for Public Non-state Government-owned and Operated Hospitals:

- H. Ohio hospitals owned and operated by a government entity other than the state as of October 1 of the year preceding payments (public non-state owned hospitals) shall be paid supplemental amounts for the provision of hospital outpatient services set forth in this section. The supplemental amounts shall be in addition to any other amounts payable to hospitals with respect to those services.
- I. Data sources used in calculating supplemental payments to public non-state owned hospitals include the Medicare Cost Report (CMS 2552-10) and Medicaid MMIS outpatient fee-for-service date of service claims data. For state fiscal years 2014 and 2015, the Hospital fiscal year ending in SFY 2012 Medicare cost reports retrieved from the Hospital Cost Report Information System and Medicaid MMIS outpatient visit date of service claims data and Ohio Medicaid Hospital Cost Report (JFS 02930, Rev.5/2012) payment data from the SFY prior to the month of payment will be utilized unless otherwise noted.
- J. The total supplemental payments shall not exceed the amount calculated using the following methodology:
1. For each public non-state government owned and operated hospital, total Medicare outpatient costs from hospital and subprovider worksheet D Part V, columns 5-7, line 202 were divided by the total outpatient Medicare charges from hospital and subprovider worksheet D Part V, columns 2-4, line 202 to establish the hospital specific outpatient Cost to Charge Ratio (CCR). Medicare cost reports with hospital fiscal years ending in SFY 2012 (7/1/2011-6/30/2012) were utilized.
 2. For each public non-state government owned and operated hospital, total Ohio Medicaid outpatient charges were multiplied by the CCR calculated in paragraph (J)(1) to calculate Ohio Medicaid outpatient costs.
 3. The outpatient hospital market basket update value was applied to Ohio Medicaid outpatient costs from paragraph (J)(2) at a discounted rate for hospitals with fiscal year end prior to 2012 state fiscal year end 6/30/2012 plus for two years to determine the UPL for SFY 2014 and a third for SFY 2015. Ohio Medicaid outpatient costs were additionally multiplied by a factor of 1.01 for the Critical Access Hospitals.
 4. Ohio Medicaid outpatient payments for state fiscal year 2012 were then subtracted to find the outpatient upper payment limit gap. The sum of the differences for these public hospitals represents the total non-state government-owned outpatient Upper Payment Limit gap.
- K. From a pool of funds in the total amount of \$3,673,852 in SFY 2014 and \$3,588,271 in SFY 2015, payments shall be made to all public non-state owned hospitals paid under the outpatient prospective payment system. This payment will be equal to the pool amount multiplied by the hospital specific ratio of hospital's outpatient Medicaid fee-for-service visits to the total Medicaid outpatient fee-for-service visits for all public non-state owned

TN: 13-017
Supersedes:
TN: 11-026

Approval Date: 5/21/14

Effective Date: 7/1/2013

hospitals paid under the outpatient prospective payment system. Supplemental payments under this section shall be paid semiannually.

- L. From a pool of funds equal to the upper payment limit gap calculated in (J)(4) less payments made in (K), public non-state owned hospitals with fewer than 200 hospital beds shall receive a percentage increase applied to SFY 2012 outpatient Medicaid fee-for-service payments. This percentage increase will be equal to the pool amount divided by the total small public non-state hospital SFY 2012 Medicaid outpatient fee-for-service payments. Supplemental payments under this section shall be paid in four installments within the state fiscal year.
- M. Supplemental payments made to cost-based providers will be excluded from the cost settlement process.
- N. Hospital payments made under this section, when combined with other payments made under the State plan shall not exceed the limit specified in 42 CFR 447.321.
- O. The total funds that will be paid to each hospital will be included with all other Medicaid payments in the calculation of disproportionate share limits.

TN: 13-017
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Supplemental Outpatient Payments for Private hospitals:

- P. All privately owned Ohio hospitals as of October 1 of the year preceding payments (private hospitals) shall be paid supplemental amounts for the provision of hospital outpatient services set forth in this section. The supplemental amounts shall be in addition to any other amounts payable to hospitals with respect to those services.
- Q. Data sources used in calculating supplemental payments to private hospitals include the Medicare Cost Report (CMS 2552-10) and Medicaid MMIS outpatient fee-for-service date of service claims data. For state fiscal years 2014 and 2015, the Hospital fiscal year ending in SFY 2012 Medicare cost reports retrieved from the Hospital Cost Report Information System and Medicaid MMIS outpatient visit date of service claims data and Ohio Medicaid Hospital Cost Report (JFS 02930, Rev.5/2012) payment data from the SFY prior to the month of payment will be utilized unless otherwise noted.
- R. The total supplemental payments shall not exceed the amount calculated using the following methodology:
1. For each private Ohio hospital, total Medicare outpatient costs from hospital and subprovider worksheet D Part V, columns 5-7, line 202 were divided by the total outpatient Medicare charges from hospital and subprovider worksheet D Part V, columns 2-4, line 202 to establish the hospital specific outpatient Cost to Charge Ratio (CCR). Medicare cost reports with hospital fiscal years ending in SFY 2012 (7/1/2011-6/30/2012) were utilized.
 2. For each private Ohio hospital, total Ohio Medicaid outpatient charges were multiplied by the CCR calculated in paragraph (R)(1) to calculate Ohio Medicaid outpatient costs.
 3. The outpatient hospital market basket update value was applied to Ohio Medicaid outpatient costs from paragraph (R)(2) at a discounted rate for hospitals with fiscal year end prior to 2012 state fiscal year end 6/30/2012 plus for two years to determine the UPL for SFY 2014 and a third for SFY 2015. Ohio Medicaid costs were additionally multiplied by a factor of 1.01 for the Critical Access Hospitals.
 4. Ohio Medicaid outpatient hospital payments for state fiscal year 2012 were then subtracted to find the outpatient upper payment limit gap. The sum of the differences for these private hospitals represents the total privately-owned outpatient UPL gap.
- S. From a pool of funds in the total amount of \$11,760,389 in SFY 2014 and \$11,845,970 in SFY 2015, payments shall be made to all private Ohio hospitals paid under the outpatient prospective payment system, except Children's Hospitals. The payment will be equal to the pool amount multiplied by the ratio of each private Ohio hospital paid under the outpatient prospective payment system outpatient Medicaid fee-for-service visits to the total outpatient Medicaid fee-for-service encounters for all Ohio private hospitals paid under the outpatient prospective payment system.

TN: 13-017
Supersedes:
TN: 11-026

Approval Date: 5/21/14

Effective Date: 7/1/2013

- T. From a pool of funds equal to the upper payment limit gap calculated in paragraph (R)(4), less payments made in paragraph (S), private hospitals will be paid the following supplemental payments for the provision of hospital outpatient services. All private hospitals shall receive a percentage increase applied to total SFY 2012 Medicaid outpatient fee-for-service payments. This percentage increase will be equal to the pool amount divided by total private hospital SFY 2012 Medicaid outpatient fee-for-service payments.
- U. Supplemental payments in paragraph (R) shall be paid semiannually and supplemental payments in paragraph (S) shall be paid in four installments within the state fiscal year.
- V. Supplemental payments made to cost-based providers will be excluded from the cost settlement process.
- W. Hospital payments made under this section, when combined with other payments made under the State plan shall not exceed the limit specified in 42 CFR 447.321.
- X. The total funds that will be paid to each hospital will be included with all other Medicaid payments in the calculation of disproportionate share limits.

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