Table of Contents

State/Territory Name: OH

State Plan Amendment (SPA) #: 14-020

This file contains the following documents in the order listed:

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

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

JUL 01 2019

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

RE: Transmittal Number (TN) 14-0020

Dear Mr. McCarthy:

The Centers for Medicare and Medicaid Services (CMS) has reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 14-0020. Effective September 24, 2014, this state plan amendment (SPA) proposes to revise Ohio's disproportionate share hospital program (DSH) payment methodology for the Hospital Care Assurance Program (HCAP) for general acute care hospitals in order to prospectively accommodate the impact of Medicaid expansion on Ohio hospitals.

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 (the Act) and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 14-0020 is approved effective September 24, 2014. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please contact Fredrick Sebree at (217) 492-4122 or via email at Fredrick.Sebree@cms.hhs.gov.

Sincerely,

[redacted]

Timothy Hill [redacted]
Director

Enclosure

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER: **14-020 Revised**	2. STATE **OHIO**
	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 September 24, 2014	

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: Section 1923 of the Social Security Act	7. FEDERAL BUDGET IMPACT: a. FFY 2014 $ 6,925.98 thousands b. FFY 2015 $ 5,987.34 thousands
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, pages 13 – 20 Attachment 4.19-A, page 21	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*: Attachment 4.19-A, pages 13 - 20 (TN 10-007) Attachment 4.19-A, Page 21 (TN 11-031) Appendix 5101:3-2-09 (DELETE) Appendix 5101:3– 2– 7.5 (DELETE)

10. SUBJECT OF AMENDMENT: Ohio Disproportionate Share Program

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:
The State Medicaid Director is the Governor's designee

12. SIGNATURE OF STATE AGENCY OFFICIAL: [redacted]	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: 9/30/2014	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: JUL 01 2015
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: SEP 24 2014	20. SIGNATURE OF REGIONAL OFFICIAL: [redacted]
21. TYPED NAME: Kristin Fan	22. TITLE: Deputy Director, FMG

23. REMARKS:

Ohio
Department of Medicaid
John R. Kasich, Governor
John B. McCarthy, Director

September 30, 2014

Mr. Alan Freund, Acting Associate Regional Administrator
Centers for Medicare & Medicaid Services - Region V
Division of Medicaid and Children's Health Operations
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519

Attn: Todd McMillion, NIRT Lead

Dear Mr. Freund:

Please find enclosed Ohio Medicaid State Plan Amendment (SPA) Transmittal Number (TN) 14-020, "Ohio Disproportionate Share Program."

The Ohio Department of Medicaid is requesting approval from the Centers for Medicare and Medicaid Services (CMS) to update Ohio's Disproportionate Share Hospital Program (DSH) Payment Methodology for the Hospital Care Assurance Program (HCAP) for Acute Care General Hospitals. Specifically, the revisions attempt to prospectively accommodate the impact of Medicaid expansion in Ohio on hospitals, and will be the basis for effecting payments under the FFY 2014 DSH allotment.

The State is not submitting UPL demonstrations and the state funding materials for hospital services with this submission. Details regarding how the State has met its obligations for each UPL demonstration and the state funding questions are as follows:

Inpatient hospital services
Ohio submitted the inpatient hospital UPL demonstration for SFY 2014 (07/01/13 - 06/30/14) and SFY 2015 (7/1/2014 – 6/30/2014), responses to CMS' funding questions, and the UPL guidance checklist in conjunction with SPA TN 13-016, 'Modification of the UPL gap calculation for inpatient hospital services' and TN 14-006, 'Inpatient hospital: Payment methodology on or after January 1, 2014'. These SPAs reauthorized the supplemental upper payment limit program for inpatient hospital services for two more years and implemented the elimination of a five percent rate increase and created a prospectively based reimbursement for inpatient capital costs, for inpatient hospital discharges occurring on or after January 1, 2014. The UPL demonstration materials submitted in conjunction with these SPAs fulfill the State's obligation described in SMDL #13-003 in regard to inpatient hospital services.

Outpatient hospital services
Ohio submitted the outpatient hospital UPL demonstrations for SFY 2014 (07/01/13 - 06/30/14) and SFY 2015 (07/01/14 - 06/30/15), responses to CMS' funding questions, and the UPL guidance checklist in conjunction with SPA TN 13-017,'Modification of the UPL gap calculation for

outpatient hospital services', and TN 14-004, 'Medicaid outpatient hospital fee schedule update January 1, 2014'. These SPAs reauthorized the supplemental upper payment limit program for outpatient hospital services, for two more years, and updated the outpatient hospital payment methodology in conjunction with Am. Sub. H.B. 59 of the 130th General Assembly of the State of Ohio and add new HCPCS codes and delete obsolete HCPCS codes in order to comply with the federal Health Insurance Portability and Accountability Act (HIPAA). The UPL demonstration materials submitted to CMS in conjunction with these SPAs fulfill the State's obligation described in SMDL #13-003 in regard to outpatient hospital services.

If you have any questions or require additional information, please contact Andy Jones at (614) 752-4611 or andrea.jones@medicaid.ohio.gov; or Ogbe Aideyman can be reached at (614) 752-4252 or ogbe.aideyman@medicaid.ohio.gov.

Sincerely,

John B. McCarthy, Director

Enclosures:

1. Ohio Medicaid SPA TN 14-020
2. SPA TN 14-020 Changes: Redline Version
3. Federal Medicaid Notice (1902(a)(13)

CC: Christine Davidson, CMS Ohio State Program Representative
Andy Jones Ohio Department of Medicaid
Becky Jackson, Ohio Department of Medicaid
Ogbe Aideyman, Ohio Department of Medicaid

Disproportionate Share and Indigent Care for General Hospitals

This Section applies to all general acute care hospitals eligible to participate in Medicaid.

(A) SOURCE DATA FOR CALCULATIONS

The calculations used in determining disproportionate share hospitals and in making disproportionate share and indigent care payments will be based on data provided in annual cost reports submitted to the department. The cost reports used will be for the hospital's cost reporting period ending in the state fiscal year that ends in the federal fiscal year preceding each program year. If specific program data is not available from these reports, the otherwise most recent, reviewed, cost report information will be used. The CMS data used will be as reported by CMS for the prior federal fiscal year.

(B) DETERMINATION OF DISPROPORTIONATE SHARE HOSPITALS

The department makes additional payments to hospitals that qualify for a disproportionate share adjustment. Hospitals that qualify (including Children's and DRG exempt hospitals) are those that meet at least one of the criteria described under (1) and (2) below and that also meet the criteria described under (3) below:

(1) Have a Medicaid utilization rate greater than or equal to one percent.

(2) Have a low income utilization rate in excess of 25 percent, where low income utilization rate is:

(Medicaid Payments + Cash subsidies from patient services received directly from state and local government)/Total hospital revenues (incl. cash subsidies from patient services received directly from state and local government)

+

Total charges for inpatient services for charity care/Total charges for inpatient services

(3) Have at least two obstetricians who have staff privileges at the hospital and who have agreed to provide obstetric services to individuals who are entitled to Medicaid, except that:

(i) The provisions of (3) do not apply to hospitals the inpatients of which are predominantly individuals under 18 years of age; or

(ii) The provisions of (3) do not apply if the hospital does not offer non-emergency obstetric services to the general population as of December 22, 1987; or

(iii) In the case of hospitals located in a rural area (as defined for purposes of Section 1886 of the Social Security Act), the term "obstetrician" includes any physician with staff privileges at the hospital to perform non-emergency obstetric procedures.

Hospitals that do not qualify for a disproportionate share adjustment receive additional payments in the form of an indigent care adjustment.

(C) LIMITATION ON DISPROPORTIONATE SHARE PAYMENTS

No hospital shall receive more in disproportionate share payments than the cap, or hospital-specific disproportionate share limit, established by the Omnibus Budget Reconciliation Act of 1993 (OBRA Cap). For each hospital the OBRA Cap is the sum of Medicaid shortfall (for both Fee-for-Service and Medicaid Managed Care recipients) plus the cost of care to the uninsured less payments from Section 1011.

(D) DISTRIBUTION OF DISPROPORTIONATE SHARE FUNDS

In accordance with the requirements in Section 1923 of the Social Security Act, the State will distribute to hospitals 100 percent of the State's Federal Disproportionate Share Allotment for each year. Hospitals will be considered disproportionate share if their Medicaid Inpatient Utilization Rate (MIUR) is greater than or equal to 1.00 percent. The State will distribute the total Disproportionate Share Allotment from seven payment pools:

1) The first pool is the High Federal Disproportionate Share and Indigent Care Payment Pool, which is distributed to those hospitals meeting the high federal disproportionate share hospital definition. A hospital is considered to be a high federal disproportionate share hospital if their MIUR is greater than the statewide mean MIUR plus one standard deviation. Distribution is based on the ratio derived by dividing each hospital's Medicaid costs by the sum of Medicaid costs for all hospitals meeting the high federal disproportionate share definition. The percentage allocated to this payment pool is 12 percent of the total allowable amount.
2) The second pool, the Medicaid shortfall and Uncompensated Care Payment Pool, is distributed to all acute care hospitals based upon the ratio derived by dividing each hospital's remaining portion of their hospital-specific disproportionate share limit (hospital-specific DSH limit less amount from Pool 1) to the total remaining disproportionate share limit for all hospitals in the pool. The percentage allocated to this payment pool is 60.38 percent of the total allowable amount.
3) The third pool, the Disability Assistance (DA) and Uncompensated Care Indigent Care Payment Pool, is distributed to acute care hospitals based on the ratio derived by dividing each hospital's uncompensated care costs for services provided to persons who are at or below the Federal Poverty Level (FPL) by the total uncompensated care costs for services provided to persons who are at or below the FPL for all hospitals. The percentage allocated to this payment pool is 16.88 of the total allowable amount.
    a) The uncompensated care cost for services provided to persons at or below the FPL are calculated by using hospital reported cost center charges multiplied by the cost center-specific cost-to-charge ratio and summing the resulting costs for all cost centers and subtract any reported payments received during the cost report period.
    b) For each hospital, calculate the ratio of the uncompensated care costs to the sum of all the hospitals' uncompensated care costs and multiply that ratio by an amount allocated for the uncompensated care pool below 100% of the FPL.
4) The fourth pool, the Rural and Critical Access Payment Pool, distributes a total allocation of 8.76 percent of the total allowable amount. Critical Access Hospitals (CAH) receive 38.81 percent of this pool, based on the ratio of each hospital's remaining disproportionate share limit (hospital-specific DSH limit less amount from Pools 1 – 3) to the total remaining disproportionate share limit for all CAHs. The balance of the pool is distributed to the Rural Access Hospitals (RAH) based on the ratio of the remaining disproportionate share limit for each RAH and the total remaining disproportionate share limit for each RAH in the pool.
5) The fifth pool, the County Redistribution of Closed Hospitals Payment Pool, only distributes money within a county if a hospital facility that is identifiable to a unique Medicaid provider number closed. If another hospital does not exist in that county, the money is instead distributed among hospitals in bordering counties. The available money is distributed to hospitals within a county (or bordering counties) based upon the ratio derived by dividing a hospital's cost of care to the uninsured to the countywide (or bordering counties) total cost of care to the uninsured.
6) The sixth pool, the Children's Hospital Pool, provides funds to children's hospitals with room in their OBRA cap based on the ratio derived by dividing each Children's Hospital's remaining OBRA cap by the sum of the remaining OBRA cap for all Children's Hospitals. The percentage allocated to this payment pool is 1.98 percent of the total allowable amount.
7) The Statewide Residual Pool is the seventh pool. In this pool, if a hospital has received more in distributions than the OBRA cap allows, the excess money is subtracted, and then redistributed to hospitals with room in their OBRA cap. Funds are distributed based on the ratio derived by dividing the remaining OBRA cap for each hospital by the remaining OBRA cap for all hospitals.

The sum of all payment pools will be paid to hospitals on an annual basis. The methodology in this section applies to the disproportionate share allotment awarded for Federal Fiscal Years 2014 and thereafter.

This page intentionally left blank.

This page intentionally left blank.

This page intentionally left blank.

This page intentionally left blank.

This page intentionally left blank.

This page intentionally left blank.

Audits of Disproportionate Share Programs

The state shall contract with an independent audit firm to conduct an audit of the state's DSH programs as they apply to general and psychiatric hospitals in accordance with 42 CFR 447.299 and 42 CFR 455.304, for DSH State Plan years beginning 2005. In the event that the independent auditor determines that any hospital has received a DSH payment in excess of their hospital-specific disproportionate share limit, the state shall:

1. Collect from each hospital which has received payment in excess of their hospital-specific DSH limit, the amount of the overpayment.

2. Redistribute the aggregate amount of the overpayment(s) to all hospitals which, according to the independent auditor, still have room under their hospital-specific DSH limit.

3. The amount to be redistributed to each eligible hospital shall be determined by the Statewide Residual Payment Pool policies for the State Plan Year of the audit. The redistribution shall use the independent auditor's revised hospital-specific DSH limits to ensure that no hospital receives a payment that is in excess of their audited hospital-specific DSH limit.