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State/Territory Name: OH

State Plan Amendment (SPA) #: 15-0012

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 6, 2016

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

RE: TN 15-012

Dear Mr. McCarthy:

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

Transmittal #15-012 - Outpatient Hospital Supplemental Upper Payment Limit
 - Effective Date: August 25, 2015

If you have any questions regarding this SPA, please have a member of your staff contact Christine Davidson at (312) 886-3642 or by email at christine.davidson@cms.hhs.gov.

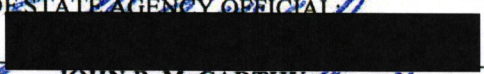
Sincerely,

/s/

Ruth A. Hughes
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Enclosure

cc: Sarah Curtin, ODM
Carolyn Humphrey, ODM
Becky Jackson, ODM
Greg Niehoff, ODM

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 15-012 Revised	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 August 25, 2015	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>):			
<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 (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR part 447, subpart C		7. FEDERAL BUDGET IMPACT: a. FFY 2015 \$11,294 thousands b. FFY 2016 \$111,415 thousands	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, Item 2-a, Pages 3 through 8 of 8		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-B, Item 2-a, Pages 3 through 8 of 8 (TN 13-017)	
10. SUBJECT OF AMENDMENT: Outpatient Hospital Supplemental Upper Payment Limit (UPL) Methodology			
11. GOVERNOR'S REVIEW (<i>Check One</i>):			
<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: The State Medicaid Director is the Governor's designee	
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Carolyn Humphrey 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: 09/29/2015			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: September 29, 2015		18. DATE APPROVED: May 6, 2016	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: August 25, 2015		20. SIGNATURE OF REGIONAL OFFICIAL: /s/	
21. TYPED NAME: Ruth A. Hughes		22. TITLE: Associate Regional Administrator	
23. REMARKS:			

Instructions on Back

2-a. Calculation of Outpatient Hospital Upper Payment Limit Supplemental 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), the Hospital Cost Report Information System (HCRIS), the Ohio Medicaid Hospital Cost Report (ODM 02930) and Medicaid MMIS outpatient fee-for-service date of service claims data for a state fiscal year not more than two years prior to the current state fiscal year.
- C. The total supplemental payments shall not exceed the amount calculated using the following methodology:
 1. Using the Medicare cost reports as described in paragraph (B), 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).
 2. For each state owned or operated hospital, total Ohio Medicaid outpatient charges are multiplied by the CCR calculated in paragraph (C)(1) to calculate Ohio Medicaid outpatient costs.
 3. The outpatient hospital market basket update value is applied to each state owned or operated Ohio hospital's Medicaid costs from paragraph (C)(2). Ohio Medicaid outpatient costs are additionally multiplied by a factor of 1.01 for the Critical Access Hospitals.
 4. Ohio Medicaid outpatient payments are then subtracted from the result in paragraph (C)(3) 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 the pool of funds calculated in (C)(4), state owned or operated hospitals shall receive a payment equal to a percentage increase in outpatient hospital Medicaid payments. This percentage increase will be equal to the pool amount divided by total state hospital Medicaid outpatient fee-for-service payments from the state fiscal year ending prior to the month of payments. Supplemental payments shall be paid in four installments within the state fiscal year.

TN: 15-012

Supersedes

TN: 13-017

Approval Date: 5/6/16

Effective Date: 08/25/2015

- 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: 15-012
Supersedes
TN: 13-017

Approval Date: 5/6/16

Effective Date: 08/25/2015

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), the Hospital Cost Report Information System (HCRIS), the Ohio Medicaid Hospital Cost Report (ODM 02930) and Medicaid MMIS outpatient fee-for-service date of service claims data for a state fiscal year not more than two years prior to the current state fiscal year.

- J. The total supplemental payments shall not exceed the amount calculated using the following methodology:
 - 1. Using the Medicare cost report as described in paragraph (I), 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).
 - 2. For each public non-state government owned and operated hospital, total Ohio Medicaid outpatient charges are multiplied by the CCR calculated in paragraph (J)(1) to calculate Ohio Medicaid outpatient costs.
 - 3. The outpatient hospital market basket update value is applied to Ohio Medicaid outpatient costs from paragraph (J)(2). Ohio Medicaid outpatient costs are additionally multiplied by a factor of 1.01 for the Critical Access Hospitals.
 - 4. Ohio Medicaid outpatient payments are then subtracted from the result in paragraph (C)(3) 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 calculated in (C)(4), \$3,673,852 in each year shall be paid 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 hospitals paid under the outpatient prospective payment system. Supplemental payments under this section shall be paid semiannually.

- L. From the pool of funds 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 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 Medicaid outpatient fee-for-service payments for the state fiscal year ending prior to the month of 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.

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), the Hospital Cost Report Information System (HCRIS), the Ohio Medicaid Hospital Cost Report (ODM 02930) and Medicaid MMIS outpatient fee-for-service date of service claims data for a state fiscal year not more than two years prior to the current state fiscal year.
- R. The total supplemental payments shall not exceed the amount calculated using the following methodology:
1. Using the Medicare cost report as described in paragraph (Q), 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).
 2. For each private Ohio hospital, total Ohio Medicaid outpatient charges are multiplied by the CCR calculated in paragraph (R)(1) to calculate Ohio Medicaid outpatient costs.
 3. The outpatient hospital market basket update value is applied to Ohio Medicaid outpatient costs from paragraph (R)(2). Ohio Medicaid costs are additionally multiplied by a factor of 1.01 for the Critical Access Hospitals.
 4. Ohio Medicaid outpatient hospital payments are 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 calculated in (R)(4), \$11,760,389 in each year shall be paid 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 the hospital's outpatient Medicaid fee-for-service visits to the total outpatient Medicaid fee-for-service visits for all Ohio private hospitals paid under the outpatient prospective payment system.
- T. From the pool of funds 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 Medicaid outpatient fee-for-service payments. This percentage increase

will be equal to the pool amount divided by total private hospital Medicaid outpatient fee-for-service payments for the state fiscal year ending prior to the month of payments.

- U. Supplemental payments in paragraph (S) shall be paid semiannually and supplemental payments in paragraph (T) 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.