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State/Territory Name: OH

State Plan Amendment (SPA) #: 18-022

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



November 28, 2018

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

RE: Ohio State Plan Amendment (SPA) 18-022

Dear Ms. Sears:

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) 18-022. Effective September 01, 2018, Payment for Services: Classification of Hospitals is approved.

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 18-022 is approved effective September 01, 2018. We are enclosing the CMS-179 and the amended plan pages.

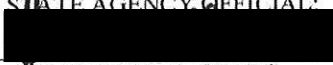

If you have any questions, please contact Fredrick Sebree at (217) 492-4122 or via email at Fredrick.Sebree@cms.hhs.gov.

Sincerely,

A solid black rectangular box redacting the signature of Kristin Fan.

Kristin Fan
Director

Enclosure

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 18-022	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 September 1, 2018	
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 447 Subpart C		7. FEDERAL BUDGET IMPACT: a. FFY 2018 \$ 0 b. FFY 2019 \$ 0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, Pages 1-3, 1-4 and 1-5		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-A, Pages 1-3, 1-4 and 1-5 (TN 17-029)	
10. SUBJECT OF AMENDMENT: Payment for Services: Classification of Hospitals			
11. GOVERNOR'S REVIEW (Check One):			
<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: BARBARA R. SEARS			
14. TITLE: STATE MEDICAID DIRECTOR			
15. DATE SUBMITTED: September 24, 2018			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: NOV 28 2018	
PLAN APPROVED -- ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: SEP 01 2018		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Kristin Fan		22. TITLE: Director, FMG	
23. REMARKS:			

Instructions on Back

(B) Classification of Hospitals

Hospitals shall be classified into mutually exclusive peer groups for purposes of setting rates and making payments under both the inpatient and outpatient prospective payment systems, or to those hospitals excluded from the prospective payment systems.

(1) Definitions

- (a) "Critical access hospitals" (CAH) are those hospitals that are certified as a critical access hospital by the Centers for Medicare and Medicaid Services (CMS) and excluded from Medicare prospective payment in accordance with 42 CFR 400.202 effective October 1, 2017.
- (b) "Rural hospitals" are those hospitals located in Ohio counties that are not classified into core based statistical areas (CBSA) as designated in the inpatient prospective payment system (IPPS) case-mix and wage index table as published by CMS for the federal fiscal year beginning in the calendar year immediately preceding the effective date of the hospital rates.
- (c) "Children's hospitals" are those hospitals that primarily serve patients 18 years of age and younger and that are excluded from Medicare prospective payment in accordance with 42 CFR 412.23(d) effective October 1, 2017 or are registered with the Ohio Department of Health.
- (d) "Teaching hospitals" are those hospitals with a major teaching emphasis that have at least two hundred beds and have an intern-and-resident-to-bed ratio of at least .35. For non-Ohio hospitals, only those hospitals classified by the Ohio Department of Medicaid (ODM) as teaching hospitals as of June 30, 2016 will be considered non-Ohio teaching hospitals.
- (e) "Urban hospitals" are those hospitals located in Ohio counties that are classified into CBSAs as designated in the IPPS case-mix and wage index table as published by CMS for the federal fiscal year beginning in the calendar year immediately preceding the effective date of the hospital rates, and not otherwise defined in subsections (B)(1)(a) to (B)(1)(d) of this section.
- (f) "Cancer hospitals" are those hospitals recognized by Medicare that primarily treat neoplastic disease in accordance with 42 CFR 412.23(f) effective October 1, 2017.
- (g) "Freestanding rehabilitation hospitals" are those hospitals in which the Department of Health and Human Services has determined to be excluded from Medicare prospective payment in accordance with 42 CFR 412.23(b) effective October 1, 2017.
- (h) "Freestanding long-term acute care hospitals" are those hospitals in which the Department of Health and Human Services has determined to be excluded from Medicare prospective payment in accordance with 42 CFR 412.23(e) effective October 1, 2017.

- (i) "Freestanding psychiatric hospitals" are those hospitals that are eligible to provide Medicaid services and are grouped into their natural peer group as defined in subsections (B)(1)(a) through (B)(1)(e) of this section.
- (j) For the purposes of this section, the "number of beds" is the total number of beds reported on the hospital's state fiscal year (SFY) 2014 Ohio Medicaid hospital cost report (ODM 02930, rev. 06/14).
- (k) For the purposes of this section, "interns and residents" is the net number of interns and residents reported on the hospital's SFY 2014 Ohio Medicaid hospital cost report.

(2) Ohio hospital prospective payment peer groups.

Hospitals described in subsection (B)(2) of this section shall be paid on a prospective payment basis for inpatient and outpatient services:

- (a) Critical access hospitals;
- (b) Rural hospitals;
- (c) Children's hospitals located in Ohio;
- (d) Non-Ohio children's hospitals;
- (e) Teaching hospitals;
- (f) Non-Ohio teaching hospitals;
- (g) Urban hospitals, which are grouped based on geographical regions; and
- (h) Hospitals that are not located in Ohio that are not classified in subsections (B)(2)(d) or (B)(2)(f) of this section.

(3) Hospitals described in subsection (B)(3) of this section shall be paid in accordance with Attachment 4.19-A, Section II, subsection (B).

- (a) Cancer hospitals;
- (b) Rehabilitation hospitals; and
- (c) Long-term acute care hospitals

(4) Reassignment of hospitals among peer groups.

Beginning January 1 of each calendar year, any hospital geographically located in an Ohio county that has been newly included or newly excluded from a CBSA, as designated in the IPPS case-mix and wage

index table as published by CMS for the federal fiscal year beginning in the calendar year immediately preceding the effective date of the hospital rates, shall be placed into either the rural peer group as defined in subsection (B)(1)(b) of this section or, based on the geographical location of the hospital, an urban peer group as defined in subsection (B)(1)(e) of this section, for the new classification. The hospital's new base rate shall be the average cost per discharge of the new peer group without any consideration for hospital-specific risk provisions for inpatient or outpatient rates of either the new or previous peer group.

(5) Rates for new, acquired, replacement, and merged hospitals.

(a) Hospitals new to Medicaid.

- (i) Hospitals described in subsection (B)(2) of this section that are newly enrolled with Medicaid shall be classified into mutually exclusive peer groups as defined in subsection (B)(1) of this section. Until data is available to calculate hospital-specific rates, the hospital shall receive the inpatient and outpatient base rates of the peer group in which they are classified into, the statewide average for capital allowance, and the statewide average for both inpatient cost-to-charge ratio and outpatient cost-to-charge ratio.
- (ii) Hospitals described in subsection (B)(3) of this section that are newly enrolled with Medicaid, shall receive ninety percent of the statewide average for both inpatient cost-to-charge ratio and outpatient cost-to-charge ratio until data is available to calculate hospital-specific rates.

(b) Acquired hospitals.

Hospitals that have a change of ownership shall receive the prior owner's rates for reimbursement until a cost report is filed by the new owner and hospital-specific rates are calculated.

(c) Replacement hospitals.

If a new hospital facility is opened for the purpose of replacing an existing (original) hospital facility identifiable to a unique Medicaid provider number and the original facility closes, the rates from the original facility shall be used for reimbursement until a cost report is filed by the new facility and hospital-specific rates are calculated.

(d) Hospital mergers.

When hospitals identifiable by a unique Medicaid provider number are involved in a merger, the rates for the surviving Medicaid provider number shall be used for reimbursement until a cost report is filed and hospital-specific rates are calculated.