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## **Table of Contents**

**State/Territory Name:** Oregon

**State Plan Amendment** (SPA) # 12-001

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



Region 10  
2201 Sixth Avenue, MS/RX 43  
Seattle, Washington 98121

**MAR 19 2012**

Bruce Goldberg, MD, Director  
Oregon Health Authority  
500 Summer Street Northeast, E-15  
Salem, Oregon 97301

**RE: Oregon State Plan Amendment (SPA) Transmittal Number 12-001**

Dear Dr. Goldberg:

The Centers for Medicare & Medicaid Services has completed its review of Oregon State Plan Amendment (SPA) Transmittal Number 12-001. This SPA was submitted to implement changes to the outpatient payment methodology as outlined in S.B. 204 passed in the 2011 Oregon Legislative session.

This SPA is approved effective January 1, 2012, as requested by the State.

If you have any questions concerning this SPA or require further assistance, please contact me, or Bill Vehrs of my staff at (503) 399-5682 or [bill.vehrs@cms.hhs.gov](mailto:bill.vehrs@cms.hhs.gov).

Sincerely,

Carol J.C. Peverly  
Associate Regional Administrator  
Division of Medicaid and Children's Health  
Operations

cc:

Judy Mohr Peterson, Administrator, Office of Medical Assistance Programs  
Jesse Anderson, State Plan Coordinator, Office of Medical Assistance Programs

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:  
**12-01**

2. STATE  
Oregon

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID) Medical Assistance

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
1/1/12

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:  
42 CFR 440.10, 440.20

7. FEDERAL BUDGET IMPACT:  
a. FFY 2012 \$ (-14,838,497) \$0 (P&I)  
b. FFY 2013 \$ (-19,886,025) \$0 (P&I)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
  
Attachment 4.19-B, Page 5

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):  
  
Attachment 4.19-B, Page 5

10. SUBJECT OF AMENDMENT: This transmittal is being submitted to implement changes to The Outpatient payment method as outlined in S.B. 204 passed in the 2011 Oregon Legislative session.

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:  
Division of Medical Assistance Programs  
Oregon Health Authority  
500 Summer Street NE E-35  
Salem, OR 97301  
  
ATTN: Jesse Anderson, State Plan Manager

13. TYPED NAME Judy Mohr Peterson

14. TITLE: Director, Division of Medical Assistance Programs

15. DATE SUBMITTED: 1-12-12

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: January 12, 2012

18. DATE APPROVED: March 19, 2012

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
January 01, 2012

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Carol J.C. Peverly

22. TITLE: Associate Regional Administrator  
Division of Medicaid &  
Children's Health

23. REMARKS:

2/23/2012 - Pen & Ink changes authorized by the State on 2/23/12 (box 7).

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State/Territory: OREGON

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES  
OUTPATIENT HOSPITAL SERVICES

Oregon Type A and Type B hospitals are reimbursed for outpatient hospital services under a cost-based methodology. Interim payment is made by applying the cost-to-charge ratio, derived from the Medicare cost report, to billed charges for outpatient hospital services, except for clinical laboratory. The interim payment for clinical laboratory is the lesser of billed charges or the OMAP fee schedule. A cost settlement based on the most recent finalized Medicare cost report is then applied to Medicaid covered charges billed and paid for the cost reporting year. The final reimbursement for Type A and Type B hospitals is at 100% of costs.

Oregon non-Type A and non-Type B hospitals (also referred to as DRG hospitals) are reimbursed for outpatient hospital services based on the most recent Medicare payment methodology established by the Centers for Medicare and Medicaid Services under the Outpatient Prospective Payment System using the Ambulatory Payment Classification (APC) methodology.

Out-of-state hospitals are reimbursed at 50% of billed charges for all outpatient services except for clinical laboratory which are reimbursed at the lesser of billed charges or the DMAP fee schedule. There is no cost settlement.

Effective December 1, 2002, in state fiscal years the Department of Administrative Services, will determine the aggregate reduction or increase required to meet the projected budget. The adjustment percentage will be determined by dividing the aggregate reduction or increase by the current outpatient hospital budget resulting in an adjustment percentage. The current percentage will then be multiplied by the adjustment percentage to determine the net percentage. This net percentage will be applied to each hospital's current reimbursement percentage to determine the new reimbursement percentage for the out-of-state hospitals. The OHA, in accordance with 42 CFR 447.205, will make public notice of changes whenever a reimbursement adjustment is made under the provision of the section.

Highly specialized out-of-state outpatient services are provided by written agreement or contract between OMAP and the provider. The rate is negotiated on a provider-by-provider basis and is a discounted rate.

Outpatient reimbursement does not exceed applicable Federal upper payment limits.