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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 1 9 2012

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

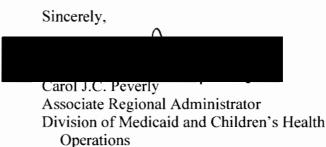
RE: Oregon State Plan Amendment (SPA) Transmittal Number 12-001

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 <u>bill.vehrs@cms.hhs.gov.</u>



cc:

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

DEPARTMENT OF HEALTH AND HUMAN SERVICES HEALTH CARE FINANCING ADMINISTRATION		FORM APPROVED OMB NO. 0938-0193	
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):			
	CONSIDERED AS NEW PLAN	🖾 AMENDMENT	
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AME	· · · · · · · · · · · · · · · · · · ·	h amendment)	
6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT:	× *0 (D91)	
42 CFR 440.10, 440.20	a. FFY 2012 \$ (14,838,497		
	b. FFY 2013 \$ (19,886,025		
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERS OR ATTACHMENT (If Applicable)		
Attachment 4 10 P. Dege 5	OKATTACHMENT (IJ Applicable)		
Attachment 4.19-B, Page 5	Attachment 4.19-B, Page 5		
	r tuellitett (11)-b, 1 uge 5		
10. SUBJECT OF AMENDMENT: This transmittal is being subn	itted to implement changes to The	Outpatient navment	
method as outlined in S.B. 204 passed in the 2011 Oregon L		outpatient payment	
method as balance in 5.D. 204 passed in the 2011 ofegoir Ly			
11. GOVERNOR'S REVIEW (Check One):			
GOVERNOR'S OFFICE REPORTED NO COMMENT	🔀 OTHER, AS SPEC	CIFIED:	
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		
13. TYPED NAME Judy Mohr Peterson	Oregon Health Authority		
	500 Summer Street NE E-35		
14. TITLE: Director, Division of Medical Assistance Programs	Salem, OR 97301		
15. DATE SUBMITTED:	-		
1-12-12	ATTN: Jesse Anderson, St	ate Plan Manager	
FOR REGIONAL OF			
17. DATE RECEIVED: January 12, 2012	18. DATE APPROVED: March 1	9, 2012	
PLAN APPROVED – ON	E COPY ATTACHED		
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20 SIGNATURE OF RECIONAL OF		
January 01, 2012			
21. TYPED NAME: Carol J.C. Peverly	22. TITLE: Associate Region	al Administrator	
23. REMARKS:			
	Division of Medicaid & Children's Health		
		5 HEalui	
2/23/2012 - Pen & Ink changes authorized by the State on 2/	23/12 (DOX 7).		

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Transmittal #12-01 Attachment 4.19-B Page 5

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

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.

TN 12-01	Approved:		Effective Date: 1/1/12
Supercedes TN 05-09	N	IAR 1 9 2012	<u></u>