OUTPATIENT HOSPITAL SERVICES

DEFINITION

Outpatient Hospital means a facility that is in, or physically connected to, a hospital licensed by the Utah Department of Health as a hospital - general, as defined by Utah Code Annotated, Section 26-21-2(8), 1990, as amended, and by Utah Administrative Code, R432-100-1 and 432-100 101, 1992, as amended

LIMITATIONS

1 Procedures determined to be cosmetic, experimental, or of unproven medical value, are not benefits of the program

2 Abortion services, except as covered under ATTACHMENT 3 1-A, (Attachment #5a)

3 Except for item 2 above, the Agency may exceed the limitations on existing covered services to the extent allowed by law, if its medical staff determines
   a that the proposed services are medically appropriate, and
   b that the proposed services are more cost effective than alternative services

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A OUTPATIENT HOSPITAL AND OTHER SERVICES

1 Effective for service end dates on or after September 1 2011 the payment for outpatient hospital claims will be based on Medicare s Outpatient Prospective Payment System (OPPS) payment methodology Medicare s Outpatient Code Editor and CMS pricer will be utilized for payment amounts

A OPPS hospitals will be paid per applicable APC Medicare fee schedule or reasonable cost method (reasonable cost will be paid using the facility specific cost-to charge (CCR) multiplied by the line-item billed charge)

The CCR used will be the Medicare CCR calculated from the most recently filed Medicare Cost Report until such time as a Medicaid CCR is calculated for the hospital

B Services not priced using OPPS or CAH methodology will be based on the established Medicaid fee schedule and the reimbursement policies for those services may be found in Attachment 4 19-B as follows

- *Section C* – Laboratory and Radiology Services
- Section D – Physicians
- Section E – Anesthesiologist/Anesthetist
- Section F – Podiatrists
- Section G – Optometrists
- Section H – Eyeglasses
- Section K – Medical Supplies and Equipment
- Section M – Dental Services and Dentures
- Section N – Physical and Occupational Therapy
- Section O – Prosthetic Devices and Braces
- Section P – Speech Pathology
- Section Q – Audiology
- Section S – Prescribed Drugs

Typically these services are not covered by Medicare

Except as otherwise noted in the plan payments for these services based on state-developed fee schedule rates are the same for both governmental and private providers All rates are published and maintained on the agency s website Specifically the fee schedule and any annual/periodic adjustments to the fee schedule are published at *http //health utah gov/medicaid/*

C Vaccines for Children (VFC) services will be paid using the Medicaid VFC rates Non-VFC services will be paid using Medicare s pricer The reimbursement policies for those services may be found on Page 9a of Section 1 5

D Revenue code 72[0 9] if not accompanied with procedure code detail will be paid using the reasonable cost methodology

E Transitional Outpatient Payments (TOPs) will be calculated according to Medicare principles and paid on a semi annual basis to in-state providers only

2 Critical Access Hospitals (CAH) will be paid 101% of costs using the facility-specific CCR

The CCR used will be the Medicare CCR calculated from the most recently filed Medicare Cost Report until such time as a Medicaid CCR is calculated for the hospital

Annually using the as-filed hospital s Medicare Cost Report each in state CAH hospital s Medicaid claims payments will be reconciled to 101% of costs

3 Out of-state hospitals will be paid by hospital type (OPPS or CAH) like in-state hospitals but will not receive any specialty payments (e g TOPs year-end reconciliation *for CAH hospitals)*

4 In-state hospitals beginning with the providers fiscal year ending on or after January 1, 2012 shall complete the Title XIX sections of their Medicare Cost Report When the Medicaid specific cost report information is available it will be used to calculate a Medicaid CCR that will then be used in place of the Medicare CCR noted in 1 A above

5 Billed charges shall not exceed the usual and customary charge to private pay patients

11 STATE TEACHING HOSPITAL SUPPLEMENTAL PAYMENTS

The State Teaching Hospital will be paid a supplemental payment for outpatient hospital services based on a reasonable cost methodology Reasonable cost is determined using Medicare principles by applying a cost to-charge ratio derived from the latest filed Medicare cost report to Medicaid claims data as described in #14 below The supplemental payment equals the difference between reasonable costs adjusted for inflation and utilization trends and claims payments made pursuant to otherwise applicable methodologies

Quarterly interim payments will be made that will each be equal to one fourth of the total projected supplemental payment Prior to making the first interim supplemental payment in a state fiscal year the total projected supplemental payment will be calculated using the most recently filed cost report prior to the beginning of the state fiscal year

12 NON-STATE GOVERNMENT HOSPITALS SUPPLEMENTAL PAYMENTS

Government owned other than state owned hospitals shall be eligible to receive a supplemental payment for outpatient hospital services based on a reasonable cost methodology Reasonable cost is determined using Medicare principles by applying a cost-to-charge derived from the latest filed Medicare cost report to Medicaid claims data as described in #14 below The supplemental payment equals the difference between reasonable costs adjusted for inflation and utilization trends and claims payments made pursuant to otherwise applicable methodologies

Quarterly interim payments will be made that will each be equal to one fourth of the total projected supplemental payment Before making the first interim supplemental payment in a state fiscal year the total projected supplemental payment will be calculated using the most recently filed cost report before the beginning of the state fiscal year The payments will be distributed to each hospital based on the proportion of the hospital s UPL room that is greater than zero

13 PRIVATE HOSPITALS SUPPLEMENTAL PAYMENTS

Privately owned hospitals shall be eligible to receive a supplemental payment for outpatient hospital services based on a reasonable cost methodology Reasonable cost is determined using Medicare principles by applying a cost-to-charge derived from the latest filed Medicare cost report to Medicaid claims data as described in #14 below The UPL room equals the difference between reasonable costs adjusted for inflation and utilization trends and claims payments made pursuant to otherwise applicable methodologies The supplemental payment pool may be up to the total UPL room for this class

Quarterly interim payments will be made that will each be equal to one-fourth of the total projected supplemental payment pool Before making the first interim supplemental payment in a state fiscal year the total projected supplemental payment will be calculated using the most recently filed cost report before the beginning of the state fiscal year

The payments will be allocated to each hospital based on the proportion of the hospital s UPL room that is greater than zero with an increased proportion being given to rural providers

14 UPL Calculation Overview

For purposes of calculating the Medicaid outpatient hospital upper payment limits for State and non-State government owned hospitals the state shall utilize hospital specific Medicare outpatient cost to charge ratios applied to Medicaid charges The Medicaid upper payment limit for state hospitals and non state government owned hospitals are independently calculated Each Medicaid upper payment limit shall be offset by hospital Medicaid and other third party outpatient payments to determine the available spending room (i e the gap) applicable to each Medicaid upper payment limit The base year utilized to determine each Medicaid upper payment limit shall be trended to the applicable spending year as follows

Inflation trend shall be calculated using the consumer price index available at the time of calculation for Outpatient Hospital Services' as published in Table 5A of the Consumer Price Index Detailed Report Tables Annual Averages published by the U S Department of Labor U S Bureau of Labor Statistics

Utilization trend shall be calculated using historical Utah Medicaid outpatient hospital services data

Following is the data used to calculate the UPL for each state fiscal year

Medicare Cost to Charge ratio
- The hospitals in the analysis have fiscal year ends during the state fiscal year
- Costs are from Worksheet D Part V Columns 9 9 01 9 02 9 03 line 104
- Charges are from Worksheet D Part V Columns 5 5 01 5 02 5 03 line 104

Medicaid Charges and payments - Paid hospital outpatient claims from the same state fiscal period

Costs for critical access hospitals shall be inflated to 101 percent of cost

REIMBURSEMENT FOR OUT-OF-STATE PROVIDERS

PAYMENT FOR SERVICES

Except as otherwise specified in this Attachment, 4 19-B, out-of-state providers are reimbursed using the reimbursement methodology in effect for those services, however, as needed, the state will negotiate rates directly with out-of-state providers in order to secure access to care for clients needing specialized services through an out-of-state provider Prior authorization must be obtained from the Division of Medicaid and Health Financing to qualify for this special payment provision