
Table of Contents

State/Territory Name: Utah

State Plan Amendment (SPA) #: UT-13-029

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Additional Companion letter
- 3) CMS 179
- 4) Approved SPA Page(s)

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
1600 Broadway, Suite 700
Denver, CO 80202-4967



Region VIII

December 9, 2013

W. David Patton, Ph.D.
Utah Department of Health
288 North 1460 West
PO Box 143102
Salt Lake City, UT 84114

RE: Utah #13-029

Dear Dr. Patton:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 13-029. This State Plan Amendment updates Outpatient Hospital Title XIX reporting and use of Medicaid's Cost to Charge Ratio.

Please be informed that this State Plan Amendment was approved today with an effective date of August 1, 2013. We are enclosing the CMS-179 and the amended plan page(s).

In addition, we are enclosing a companion letter concerning a reimbursement issue that will require revisions to the State Plan.

If you have any questions concerning this amendment, please contact Mandy Strom at (303) 844-7068.

Sincerely,

/s/

Richard C. Allen
Associate Regional Administrator
Division for Medicaid and Children's Health

CC: Michael Hales, Medicaid Director, UT
Craig Devashrayee, UT

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December 9, 2013

W. David Patton, Ph.D.
Utah Department of Health
288 North 1460 West
PO Box 143102
Salt Lake City, UT 84114

Re: Utah #13-029

Dear Dr. Patton:

This letter is being sent as a companion to our approval of Utah State plan amendment (SPA) 13-029, which was submitted to amend Outpatient Hospital Title XIX reporting and use of Medicaid's Cost to Charge Ratio. During the review of this SPA, CMS performed a corresponding review of all the approved outpatient hospital reimbursement pages. This analysis revealed a reimbursement issue that will require revisions to the State Plan. We welcome the opportunity to work with you and your staff to discuss options for resolving the concern outlined below.

Page 2e of Attachment 4.19-B, Item 14. UPL Calculation Overview

1. The current approved language reflects Utah using the Consumer Price Index published by the Department of Labor, U.S. Bureau of Labor Statistics for calculating the UPL's inflation factor. Since Utah is using Medicare's Outpatient Prospective Payment system payment methodology for outpatient hospital claims, the inflation factor should be based on the Medicare Economic Index (MEI) since it is the trend rate published by the Medicare program. CMS requests a prospective fix for the SFY 2015 UPL to use MEI as the inflation factor and revise the State plan to reflect this change effective July 1, 2014. Please submit a State plan amendment no later than September 30, 2014.

If you have any questions, please contact Mandy Strom of my staff at either 303-844-7068 or by email at Mandy.Strom@cms.hhs.gov.

Sincerely,

/s/

Richard C. Allen
Associate Regional Administrator
Divisions of Medicaid & Children's Health Operations

CC: Michael Hales
Craig Devashayree

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:
13-029-UT

2. STATE:
Utah

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

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

4. PROPOSED EFFECTIVE DATE
August 1, 2013

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 440.20

7. FEDERAL BUDGET IMPACT:

a. FFY 2013 \$0
b. FFY 2014 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Page 1 of ATTACHMENT 4.19-B

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

Page 1 of ATTACHMENT 4.19-B

10. SUBJECT OF AMENDMENT: Outpatient Hospital Title XIX Reporting and Use of Medicaid CCR

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME: Michael Hales

14. TITLE: Deputy Director, Utah Department of Health

15. DATE SUBMITTED: September 30, 2013

16. RETURN TO:

Craig Devashrayee, Manager
Technical Writing Unit
Utah Department of Health
PO Box 143102
Salt Lake City, UT 84114-3102

17.

17. DATE RECEIVED

September 30, 2013

18. DATE APPROVED

December 9, 2013

FOR REGIONAL USE ONLY

19. EFFECTIVE DATE OF APPROVED MATERIAL

August 1, 2013

20. SIGNATURE OF REGIONAL OFFICIAL

/s/

21. TYPED NAME

Richard C. Allen

22. TITLE

ARA, DMCHO

23. REMARKS

PLAN APPROVED - ONE COPY ATTACHED

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 as available through the HCRIS database or the Medicare fiscal intermediary.
 - 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 as available through the HCRIS database or the Medicare fiscal intermediary.
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).
4. Billed charges shall not exceed the usual and customary charge to private pay patients.

T.N. # 13-029

Approval Date **12/9/13**

Supersedes T.N. # 11-008

Effective Date 8-1-13