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State/Territory Name: Utah

State Plan Amendment (SPA) #: UT-15-0002

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

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

SEP 17 2015

Mr. Michael T. Hales, Director
Division of Health Care Financing
Utah Department of Health
P.O. Box 143101
Salt Lake City, UT 84114-3101

Re: Utah 15-0002

Dear Mr. Hales:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 15-0002. Effective for services on or after July 1, 2015, this amendment removes duplicative details for Utah specific DRGs, provisions for the Superior System Waiver, as well as provides for other minor clarifications.

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 and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment TN 15-0002 is approved effective July 1, 2015. The HCFA-179 and the amended plan pages are attached.

If you have any questions, please contact Christine Storey at (303) 844-7044.

Sincerely,

A large black rectangular redaction box covering the signature area.

Timothy Hill
Director

A small black rectangular redaction box covering the name of the sender.

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

1. TRANSMITTAL NUMBER: 15-0002-UT	2. STATE: Utah
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE July 1, 2015	

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

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 412.60

7. FEDERAL BUDGET IMPACT:
a. SFY 2016 \$0
b. SFY 2017 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Pages 6, 7 and 12 of ATTACHMENT 4.19-A;

Removes Page 11b because provisions duplicate information for Utah specific DRGs.

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

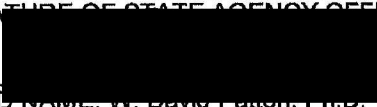
Pages 6, 7 and 12 of ATTACHMENT 4.19-A;

Removes Page 11b because provisions duplicate information for Utah specific DRGs.

10. SUBJECT OF AMENDMENT: Inpatient Hospital Services

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:


13. TYPED NAME: W. David Faxon, F.M.G.

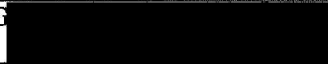
14. TITLE: Executive Director, Utah Department of Health

15. DATE SUBMITTED: June 30, 2015

16. RETURN TO:

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

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: SEP 17 2015
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2015	20. SIGNATURE OF OFFICIAL: 
21. TYPED NAME: Kristin FAN	22. TITLE: Deputy Director, FMG
23. REMARKS:	

INPATIENT HOSPITAL
Section 100 Payment Methodology (Continued)

162 Shaken Baby Syndrome Project – In accordance with a national initiative to educate parents to the dangers of shaken baby syndrome, Utah will participate in an educational effort provided through hospitals. Payment for this educational effort is calculated at \$6.00 per delivery in the state. Utah Medicaid will reimburse Utah hospitals \$6.00 for all identified Utah Medicaid deliveries (including Utah Medicaid MCO deliveries). Payment will be made to each qualifying hospital on an annual basis. The payment will be based upon claims with service end dates in the previous state fiscal year. The payments are made between 6 and 12 months following the end of the state fiscal year.

165 DRG Determinations – The Medicare DRG “grouper” software will be used for Medicaid. Annually, typically each October 1, Utah Medicaid will adopt the DRG “grouper” software update.

T.N. # 15-0002

Approval Date SEP 17 2015

Supersedes T.N. # 13-028

Effective Date 7-1-15

INPATIENT HOSPITAL
Section 100 Payment Methodology (Continued)

190 Exempt Hospitals -- Two categories of hospitals are exempt from DRGs:

- **The State Hospital:** Because of its unique patient population, the Utah State Hospital (USH) is not part of the Diagnostic Related Group (DRG) system under which inpatient hospitals are reimbursed. Instead, the State hospital receives an interim per diem rate per patient category (i.e., forensic, adult, and youth) throughout the fiscal year, and a final cost settlement is subsequently performed by comparing Medicaid service costs to the interim payments received by the hospital. Medicare regulations and the Provider Reimbursement Manual - Part 1 (CMS Pub. 15-1) are used to determine allowable costs. The State hospital's Medicare cost methodology pays an average cost per discharge. However, for purposes of measuring Medicaid costs, a separate routine per diem cost is calculated for each patient category within the State hospital and applied to Medicaid eligible hospital days. Ancillary costs are separately allocated based on patient days. Therapeutic leave days are included in the total count of Medicaid days, unless the patient was discharged. However, if a patient is admitted as an inpatient to a second hospital, the patient is deemed to be discharged from the State hospital and the days are not counted. The day count used in the Medicaid cost settlement is consistently applied for all admissions for all patient categories in establishing the State hospital's per diem costs.
- **Rural Hospitals:** Hospitals located in rural areas of the state are exempt from the DRG reimbursement methodology. (Urban counties are Cache, Davis, Salt Lake, Utah, Washington and Weber. Rural counties are all other Utah counties.) Rural hospitals are paid 89 percent of net covered charges. "Net covered charges" are defined on Page 4.

191 Payment Adjustments – Effective July 1, 2010, urban hospitals will have their calculated DRG payment reduced by 14.3 percent. This reduction to the calculated paid amount will occur after all calculated payments (base payment, outlier, etc.) and before third party liability and co-pay are applied to the payment.

194 Specialty Out-Of-State Hospitals -- These hospitals provide inpatient services that are not available in the State of Utah. To qualify for this special payment provision, prior authorization must be obtained from the Utah State Department of Health, Division of Health Care Financing. The payment amount will be established by direct negotiations for each approved patient. The DRG method may or may not be used depending on the negotiated payment. Typically, the Medicaid rate in the State where the hospital is located is paid.

T.N. # 15-0002

Approval Date SEP 17 2019

Supersedes T.N. # 13-028

Effective Date 7-1-15

INPATIENT HOSPITAL
Section 500 Inpatient Rehabilitation Services

Deleted July 1, 2015

T.N. # 15-0002

Approval Date ~~SEP 17 2015~~

Supersedes T.N. # 13-028

Effective Date 7-1-15

INPATIENT HOSPITAL
Section 600 Inpatient Medicaid DRG Refinement

601 General – Due to the unique nature of the Medicaid population, selected Medicare DRGs have been refined and expanded into additional DRGs. See Section 122 for more information.

T.N. # 15-0002

Approval Date **SEP 17 2015**

Supersedes T.N. # 13-028

Effective Date 7-1-15