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**State/Territory Name: Utah**

**State Plan Amendment (SPA) #: 19-0008**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) 179
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
1961 Stout Street, Room 08-148  
Denver, CO 80294



**Denver Regional Operations Group**

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August 5, 2019

Nathan Checketts, Medicaid Director  
Utah Department of Health  
P.O. Box 141000  
Salt Lake City, UT 84114-1000

Dear Mr. Checketts:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 19-0008. This State Plan Amendment updates the utilization trend for the Outpatient UPL.

The Outpatient Hospital Upper Payment Limit (UPL) Demonstration for state fiscal year 2020 has also been approved as a result of the SPA approval process.

Please be informed that this State Plan Amendment was approved today with an effective date of July 1, 2019. We are enclosing the CMS-179 and the amended plan page(s).

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

Sincerely,



Richard C. Allen  
Director, Western Regional Operations Group  
Denver Regional Office  
Centers for Medicaid and CHIP Services

cc: John Curless, Utah  
Craig Devashrayee, Utah

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

1. TRANSMITTAL NUMBER:  
19-0008-UT

2. STATE:  
Utah

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

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

4. PROPOSED EFFECTIVE DATE  
July 1, 2019

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 2019 \$+396,700  
b. FFY 2020 \$+1,552,300

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Page 2f of ATTACHMENT 4.19-B

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable)  
Page 2f of ATTACHMENT 4.19-B

10. SUBJECT OF AMENDMENT: Outpatient Hospital Supplemental Payments

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: Joseph K. Miner, M.D.

*Man E. Babin, MD*

14. TITLE: Executive Director, Utah Department of Health

*Deputy Director*

15. DATE SUBMITTED: June 5, 2019

16. RETURN TO:

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

16.

17. DATE RECEIVED:

June 5, 2019

18. DATE APPROVED:

August 5, 2019

FOR REGIONAL USE ONLY

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2019

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Richard C. Allen

22. TITLE:

Director, WROG

3. REMARKS

PLAN APPROVED - ONE COPY ATTACHED

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#### 14. UPL Calculation Overview

For purposes of calculating the Medicaid outpatient hospital upper payment limits for 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 an annual average calculated using the consumer price index available the December prior to the start of each state fiscal year for "Outpatient Hospital Services" as published by the U.S. Department of Labor, U.S. Bureau of Labor Statistics as compared to the previous December.
- Utilization trend shall be calculated using historical Utah Medicaid outpatient hospital services data. The utilization trend for State Fiscal Year 2020 shall be 2.4 percent.

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

Medicare Cost to Charge ratio:

- 2552-96: Costs are from Worksheet D, Part V, Columns 9, 9.01, 9.02, 9.03 line 104
- 2552-10: Costs are from Worksheet D, Part V, Columns 5, 6, and 7 line 202
- 2552-96: Charges are from Worksheet D, Part V, Columns 5, 5.01, 5.02, 5.03 line 104
- 2552-10: Charges are from Worksheet D, Part V, Columns 2, 3, 4 line 202

Note: As Medicare may amend the cost report structure from that noted above, corresponding Medicare Cost Report data will be used in place of the elements noted above.

The hospitals in the analysis have fiscal year ends during the state fiscal year Medicaid Charges and payments - Paid hospital outpatient claims from services in a recent period and as available at the time the calculation is made.

Costs for critical access hospitals shall be calculated at 101 percent of cost with any appropriate inflation and utilization added as noted above.

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T.N. # 19-0008

Approval Date 8/5/19

Supersedes T.N. # 18-0003

Effective Date 7-1-19