

## **Table of Contents**

**State Name:** Virginia

**State Plan Amendment (SPA) #:** 10-08

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
150 S. Independence Mall West  
Suite 216, The Public Ledger Building  
Philadelphia, Pennsylvania 19106-3499



**Region III/Division of Medicaid and Children's Health Operations**

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**SEP 08 2010**

Gregg A. Pane, MD, MPA  
Director  
Department of Medical Assistance Services  
600 East Broad Street, Suite 1300  
Richmond, Virginia 23219

Dear Dr. Pane:

We have reviewed State Plan Amendment (SPA) 10-08, in which you propose to modify the reimbursement methodology for ambulatory surgical centers. This SPA, as modified by your email notes dated September 1, 2010, is acceptable. Therefore, we are approving SPA 10-08 with an effective date of April 5, 2010. Enclosed are the approved SPA pages and signed CMS-179 form.

If you have further questions about this SPA, please contact Jake Hubik at (215) 861-4181.

Sincerely,

/S/

Ted Gallagher  
Associate Regional Administrator

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>	1. TRANSMITTAL NUMBER 1 0 - 0 8	2. STATE Virginia
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE April 1, 2010	
5. TYPE OF PLAN MATERIAL (Check One) <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT		
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)		
6. FEDERAL STATUTE/REGULATION CITATION 42 CFR Part 447	7. FEDERAL BUDGET IMPACT a. FFY 2010 \$ 0.00 b. FFY 2011 \$ 0.00	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attach. 4.19-B, Page 7.4 of 15 7.2	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Same page NEW	
10. SUBJECT OF AMENDMENT Ambulatory Surgery Center Reimbursement		
11. GOVERNOR'S REVIEW (Check One) <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <sup>2010</sup> <input checked="" type="checkbox"/> OTHER, AS SPECIFIED <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Secretary of Health and Human Resources		
12. SIGNATURE OF STATE AGENCY OFFICIAL /S/	16. RETURN TO Dept. of Medical Assistance Services 600 East Broad Street, #1300 Richmond VA 23219 Attn: Regulatory Coordinator	
13. TYPED NAME Cynthia B. Jones		
14. TITLE Acting Director		
15. DATE SUBMITTED 10-17-10		
FOR REGIONAL OFFICE USE ONLY		
17. DATE RECEIVED	18. DATE APPROVED SEP 08 2010	
PLAN APPROVED - ONE COPY ATTACHED		
19. EFFECTIVE DATE OF APPROVED MATERIAL 5 APRIL 2010	20. SIGNATURE OF REGIONAL OFFICIAL /S/	
21. TYPED NAME Ted Gallagher	22. TITLE Associate Regional Administrator	
23. REMARKS		



**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

State of VIRGINIA

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATE-  
OTHER TYPES OF CARE**

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12 VAC 30-80-35. Fee for service: Ambulatory surgery centers.

A. Definitions: The following words and terms when used in this part shall have the following meaning unless the context clearly indicates otherwise:

"Ambulatory Patient Group (APG)" means a defined group of outpatient procedures, encounters, or ancillary services that incorporates International Classification of Disease (ICD) diagnosis codes, Current Procedural Terminology (CPT) codes, and Healthcare Common Procedure Coding System (HCPCS) codes.

"APG relative weight" means the relative expected average costs for each APG divided by the relative expected average costs for visits assigned to all APGs.

B. Effective April 5, 2010, the prospective Ambulatory Patient Group (APG)-based payment system described as follows shall apply to Ambulatory Surgery Center (ASC) services:

1. The operating payments for ASC visits shall be determined on the basis of a base rate per visit times the relative weight of the APG to which the visit is assigned.

2. The APG relative weights shall be the weights determined and published periodically by DMAS. The weights shall be updated at least every three years. These values are listed on the DMAS website at the following internet address:

[http://www.dmas.virginia.gov/pr-rate\\_setting.htm](http://www.dmas.virginia.gov/pr-rate_setting.htm)

3. The base rate shall be adjusted by the budget neutrality factor (BNF) to ensure that no increase in expenditures occurs as a result of updates to the relative weights. The base period used to adjust the base rate shall be a recent 12-month period prior to the fiscal year that the new base rates will be effective.

4. The operating payment shall represent total allowable amount for a visit including ancillary services.

5. The agency's rates and weights were set as of April 5, 2010 and are effective for services on or after that date subject to provisions in subsections B2 and B3. All rates and weights are published on the agency's website at the web address above. Except as otherwise noted in the plan, state developed ASC fee schedule rates and weights are the same for both governmental and private providers.

C. The Ambulatory Patient Group (APG) grouper used in the ASC payment system for ASCs shall be determined by DMAS. Providers or provider representatives shall be given notice prior to implementing a new grouper.

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TN No. 10-08  
Supersedes  
TN No. 05-21

Approval Date **SEP 08 2010**

Effective Date 04-05-10