

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



AUG 13 2013

Ms. Cynthia B. Jones, Director
Commonwealth of Virginia
Department of Medical Assistance Services
600 East Broad Street, #1300
Richmond, VA 23219

RE: State Plan Amendment (SPA) 11-20

Dear Ms. Jones:

We have completed our review of State Plan Amendment (SPA) 11-20. This amendment modifies the State's methods and standards for setting payment rates for inpatient hospital services. Specifically, this amendment authorizes supplemental payments to private hospitals where a Type One teaching hospital has a minority interest.

We conducted our review of this amendment according to the statutory requirements at sections 1902(a)(3), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving Medicaid State plan amendment 11-20 with an effective date of October 25, 2011. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Gary Knight at (304) 347-5723.

Sincerely,

Cindy Mann
Director

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| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES | 1. TRANSMITTAL NUMBER 1 1 - 2 0 | 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 October 25, 2011 | |

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 Part 433, Subpart B | 7. FEDERAL BUDGET IMPACT a. FFY 2011-2012 \$ 5,000,000 800,000 b. FFY 2012-2013 \$ 5,000,000 500,000 |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attach. 4.19-A, Page 17.4 of 23 and Attach. 4.19-D, Page 6 of 6 | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) New Pages |

10. SUBJECT OF AMENDMENT
Supplemental Payments for Private Low Income and Needy Patient Collaboration Hospitals

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT²⁰¹¹ OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

Secretary of Health and Human Resources

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| 12. SIGNATURE OF STATE AGENCY OFFICIAL | 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 Director | |
| 15. DATE SUBMITTED 12.20.11 | |

| FOR REGIONAL OFFICE USE ONLY | |
|---|--|
| 17. DATE RECEIVED | 18. DATE APPROVED AUG 13 2013 |
| PLAN APPROVED - ONE COPY ATTACHED | |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL OCT 25, 2011 | 20. SIGNATURE OF REGIONAL OFFICIAL |
| 21. TYPED NAME Penny Thompson | 22. TITLE Deputy Director, Policy, Financial Mgt. M&S |
| 23. REMARKS | |



STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT SERVICES

12 VAC 30-70-428. Supplemental Payments for Private Hospital Partners of Type One Hospitals.

Effective for dates of service on or after October 25, 2011, quarterly supplemental payments will be issued to qualifying private hospitals for inpatient services rendered during the quarter.

- A. **Qualifying criteria.** In order to qualify for the supplemental payment, the hospital must be currently enrolled as a Virginia Medicaid provider, and must be owned or operated by a private entity where a Type One hospital has a non-majority interest. The only qualifying hospital as of October 25, 2011 is Culpeper Hospital.
- B. **Reimbursement methodology.** Each qualifying hospital shall receive quarterly supplemental payments for the inpatient services rendered during the quarter. Each quarterly payment distribution shall occur not more than 2 years after the year in which the qualifying hospitals' entitlement arises. The annual supplemental payments in any fiscal year will be the lesser of:
1. The difference between each qualifying hospital's inpatient Medicaid billed charges and Medicaid payments the hospital receives for services processed for fee-for-service Medicaid recipients during the fiscal year; or
 2. \$14,620 per Medicaid discharge at Culpeper Hospital for state plan rate year 2012 (for future state plan rate years; this number shall be adjusted by inflation based on the Virginia moving average values as compiled and published by Global Insight (or its successor), under contract with the department).
 3. For hospitals participating in the Medicaid Disproportionate Share Hospital (DSH) program, the difference between the limit calculated under the Social Security Act §1923(g) and the hospital's DSH payments for the applicable payment period.
- C. **Limit.** Maximum aggregate payments to all qualifying hospitals shall not exceed the available upper payment limit per state fiscal year.

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Supersedes
TN No. NEW PAGE

Approval Date AUG 13 2013

Effective Date 10/25/2011

HCFA ID: _____

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT SERVICES

12 VAC 30-90-18. Supplemental Payments for Private Nursing Facility Partners of Type One Hospitals.

Effective for dates of service on or after October 25, 2011, quarterly supplemental payments will be issued to qualifying private nursing facilities for services rendered during the quarter.

1. **Qualifying Criteria.** In order to qualify for the supplemental payment, the nursing facility must be currently enrolled as a Virginia Medicaid provider, and must be owned or operated by a private entity where a Type One hospital has a non-majority interest. There are no qualifying nursing facilities as of October 25, 2011.
2. **Reimbursement Methodology.** Each qualifying hospital shall receive quarterly supplemental payments for the inpatient services rendered during the quarter. Each quarterly payment distribution shall occur not more than 2 years after the year in which the qualifying nursing facility's entitlement arises. The annual supplement payments in any fiscal year will be the difference between each qualifying nursing facility's Medicaid billed charges and Medicaid payments the nursing facility receives for payments processed for fee-for-service Medicaid recipients during the fiscal year.
3. **Limit.** Maximum aggregate payments to all qualifying nursing facilities shall not exceed the available upper payment limit per state fiscal year.

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