

Table of Contents

State Name: Virginia

State Plan Amendment (SPA) #: 18-018

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Page

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
801 Market Street - Suite 9400
Philadelphia, Pennsylvania 19107



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

SWIFT #101020184065

October 25, 2018

Jennifer S. Lee, M.D., Director
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, VA 23219

Dear Dr. Lee:

The Centers for Medicare & Medicaid Services (CMS) has reviewed Virginia's State Plan Amendment (SPA) 18-018, 2018 Non-Institutional Provider Reimbursement Changes.

This SPA proposes that effective July 1, 2018 DMAS will make supplemental payments to qualifying non-state government owned hospitals for outpatient services provided to Medicaid patients. Qualified hospitals are all non-state government owned acute care hospitals. The supplemental payment shall equal outpatient hospital claim payments times the Upper Payment Limit (UPL) gap percentage.

CMS is approving SPA 18-018 with an effective date of July 1, 2018. Enclosed are the approved SPA page and signed CMS-179 form. If you have further questions about this SPA, please contact Margaret Kosherzenko of my staff at 215-861-4288.

Sincerely,

/S/

Francis McCullough
Associate Regional Administrator

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER 1 8 — 0 1 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 July 1, 2018
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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 447	7. FEDERAL BUDGET IMPACT a. FFY 2018 \$ 64,902.00 b. FFY 2019 \$ 259,606.00
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, Page 4.1.d (new page)	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Same pages
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10. SUBJECT OF AMENDMENT
2018 Non-Institutional Provider Reimbursement Changes

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT²⁰¹⁸ OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

Secretary of Health and Human Resources

12. SIGNATURE OF STATE AGENCY OFFICIAL [Redacted] /S/	16. RETURN TO Dept. of Medical Assistance Services 600 East Broad Street, #1300 Richmond VA 23219 Attn: Regulatory Coordinator
13. TYPED NAME Jennifer S. Lee, M.D.	
14. TITLE Director	
15. DATE SUBMITTED 8/30/18	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED September 6, 2018	18. DATE APPROVED October 23, 2018
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL July 1, 2018	20. SIGNATURE OF REGIONAL OFFICIAL /S/
21. TYPED NAME Francis McCullough	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 RATES-OTHER TYPES OF CARE

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5. Supplemental Outpatient Payments for Non-State Government Owned Hospitals. Effective July 1, 2018, supplemental payments will be issued to qualifying non-state government owned hospitals for outpatient services provided to Medicaid patients.
- a. Qualifying Criteria. Qualifying hospitals are all non-state government owned acute care hospitals.
 - b. Reimbursement Methodology. The supplemental payment shall equal outpatient hospital claim payments times the Upper Payment Limit (UPL) gap percentage.
- (1) The annual UPL gap percentage is the percentage calculated where the numerator is the difference for each qualifying hospital between a reasonable estimate of the amount that would be paid under Medicare payment principles for outpatient hospital services provided to Medicaid patients (calculated in accordance with 42 CFR § 447.321) and what Medicaid paid for such services and the denominator is Medicaid claim payments to all qualifying hospitals for outpatient hospital services provided to Medicaid patients in the same year used in the numerator.
- (2) The annual UPL gap percentage will be calculated annually for each hospital using the most recent year for which comprehensive annual data are available and inflated to the state fiscal year for which payments are to be made.
6. Quarterly Payments. After the close of each quarter, beginning with the July 1, 2018, to September 30, 2018 quarter, each qualifying hospital shall receive supplemental payments for the outpatient services paid during the prior quarter. The supplemental payments for each qualifying hospital for each quarter shall be calculated by multiplying the Medicaid outpatient hospital payments paid in that quarter by the annual UPL gap percentage for each hospital.