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State/Territory Name: VT

State Plan Amendment (SPA) #: 10-013

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 & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, M/S S3-13-15
Baltimore, MD 21244-1850

CMS

CENTERS for MEDICARE & MEDICAID SERVICES

Center for Medicaid, CHIP, and Survey & Certification (CMCS)

Douglas Racine, Secretary
Agency of Human Services
State of Vermont
103 South Main Street
Waterbury, VT 05676-1201

FEB - 2 2011

RE: TN Vermont 10-013


Dear Mr. Racine:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 10-013. This amendment increases the fiscal year 2011 DSH pool by \$900,000. It also adds language to redistribute DSH payments that exceed the hospital specific limits.

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(g) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are now ready to approve Medicaid State plan amendment 10-013 effective October 1, 2010. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Novena James-Hailey at (617) 565-1291.

Sincerely,

 Cindy Mann
Director (CMCS)

Enclosures:

cc: Susan Besio, Director, OVHA

bcc: Richard McGreal, ARA, CMS Region I
Joseph Barkas, Region I
Irvin Rich, Region I
Tim Weidler, NIRT
Mark Cooley, NIRT
Official SPA File

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		1. TRANSMITTAL NUMBER: 10 -- 013	2. STATE: VERMONT
		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(S) OCTOBER 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 (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR § 447.298		7. FEDERAL BUDGET IMPACT: a. FFY 2011 \$ 530,190 b. FFY 2012 \$ 530,190	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: ATT. 4.19-A PG. 1G AND 1I		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) ATT. 4.19-A PG 1G AND 1I	
10. SUBJECT OF AMENDMENT: DISPROPORTIONATE SHARE PAYMENTS			
11. GOVERNOR'S REVIEW (<i>Check One</i>):		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED	
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO:	
13. TYPED NAME: ROBERT HOFMANN		LINDSEY WELLS	
14. TITLE: SECRETARY, AGENCY FOR HUMAN SERVICES		OFFICE OF VERMONT HEALTH ACCESS 312 HURRICANE LANE, SUITE 201 WILLISTON, VT 05495	
15. DATE SUBMITTED: 12/1/10			
17. DATE:		2/2/11	
18. DATE:			
19. DATE:			
20. DATE:			
21. DATE:			
22. DATE:			

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - INPATIENT HOSPITAL SERVICES (CONTINUED)

VIII. Disproportionate Share Payments (Continued)

B. Payment Limitations

The Omnibus Budget Reconciliation Act of 1993 established rules limiting the total disproportionate share payment that a hospital can receive. Disproportionate share payments are limited to no more than the cost of providing hospital services to patients who are either eligible for medical assistance under a state plan or have no health insurance for the services provided, less payments received under Title XIX (other than DSH payment adjustments).

When all cost reports are available, the State will recalculate each hospital's specific payment limit starting with Medicaid State Plan Year (SPY) FY 2011 using audited Medicare Cost Reports from FY 2011. The State will then compare the hospital specific limit against DSH payments made for SPY 2011 to determine if any hospital was paid in excess of its specific limit. The same procedure will occur in subsequent SPYs.

If the recalculated hospital specific limits show that the State made a payment to a hospital in excess of its hospital specific limit, the State will recoup any excess payment and redistribute the funds to other hospitals using the payment formula set forth in VIII.A using the applicable DSH State Plan for the year of the overpayment.

Furthermore, if the State's DSH auditor has findings demonstrating that DSH payments made for SPY 2011 or subsequent years exceed the documented hospital specific limits, the State will recoup and redistribute to other hospitals using the payment formula set forth in VIII.A that was in place for the applicable DSH state plan year under audit.

TN# 10-013

Supersedes

TN# 09-017

Effective Date: 10/01/10

Approval Date: FEB - 2 2011

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - INPATIENT HOSPITAL SERVICES (CONTINUED)

VIII. Disproportionate Share Payments (DSH)

Each year of the program, DVHA will determine the DSH Eligibility Group that each hospital is eligible for before calculating payments. If a hospital is eligible for more than one DSH Eligibility Group, for the purposes of computing the funding for each DSH group, the hospital will be placed in only one DSH Eligibility Group in the following sequence:

- DSH Eligibility Group #3
- DSH Eligibility Group #1
- DSH Eligibility Group #2
- DSH Eligibility Group #4

Within a DSH Eligibility Group, funds will be assigned to each hospital using the formulas described in VIII.A. Hospitals may only receive funds from one DSH Eligibility Group each year.

The Total DSH Funding for the DSH State Plan Year 2011 is \$37,448,781 (FFY dollar amount): an amount not to exceed the annual DSH allotment specified by CMS. At the time that DSH payments are disbursed, DVHA will publish the funding for each DSH Eligibility Group and a schedule showing the DSH payment made to each eligible hospital.

A. Payment Formulas

Before the calculation of funding by DSH Eligibility Group occurs, the calculation of each Hospital Specific Limit is completed as described in VIII.B. Funding for each Group is then completed as follows:

1. Funding for DSH Group #3 is done first. The amount funded for Group #3 is the lesser of 50% of the of the Total DSH Funding for the DSH SPY or 50% of the combined Hospital Specific Limit for all hospitals in the Group.
2. Subtract the amount funded for DSH Group #3 from the Total DSH Funding for the DSH SPY to derive the remaining amount to be allocated between DSH Groups #1, #2 and #4.
3. Calculate for each hospital its percentage of Title XIX statewide days in the Base Year.

(Continued)

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