

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
JFK Federal Building, Government Center
Room 2275
Boston, Massachusetts 02203



CENTERS for MEDICARE & MEDICAID SERVICES

Division of Medicaid and Children's Health Operations / Boston Regional Office

May 11, 2011

Douglas A. Racine, Secretary
Vermont Agency of Human Services
103 South Main Street
Waterbury, Vermont 05671-0204

Dear Mr. Racine:

We are pleased to enclose a copy of approved Vermont State Plan Amendment (SPA) No. 11-009, submitted to my office on February 18, 2011. This SPA has been approved effective January 1, 2011 as requested by the State.

SPA 11-009 transmitted a proposed amendment to your Agency's approved Title XIX State plan to revise the payment methodology for all hospitals for outpatient services to comply more closely with Medicare OPPS 2011 payment provisions effective January 1, 2011. In addition, a temporary increase in rates paid for outpatient services provided by in-state hospitals will be implemented in accordance with Act 156 of the 2009-2010 Legislative Session, An Act Making Appropriations for the Support of Government.

Changes are reflected in the following approved sections of your approved State Plan:

- Attachment 4.19-B page 2a(1a)

If you have any questions regarding this matter you may contact Julie McCarthy at (617) 565-1244 or by e-mail at Julie.McCarthy@cms.hhs.gov.

Sincerely,

/s/

Richard R. McGreal
Associate Regional Administrator

Enclosure

cc: Susan Besio, Ph.D., Commissioner

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 11 -- 009	2. STATE: VERMONT
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES		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) JANUARY 1, 2011	
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 §430.12(c)(ii)		7. FEDERAL BUDGET IMPACT: a. FFY 2011 \$ 2,075,031 b. FFY 2012 \$ 0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: ATT 4.19-B PAGE 2A(1A)		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) ATT 4.19-B PAGE 2A(1) AND 2A(1A)	
10. SUBJECT OF AMENDMENT: OPPTS TEMPORARY INCREASE IN RATES PAID TO IN-STATE HOSPITALS DUE TO ACT 156.			
11. GOVERNOR'S REVIEW (Check One): <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		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED SIGNATURE OF SECRETARY OF ADMINISTRATION	
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO:	
13. TYPED NAME: DOUGLAS A. RACINE		LINDSEY WELLS	
14. TITLE: SECRETARY, AGENCY FOR HUMAN SERVICES		DEPARTMENT OF VERMONT HEALTH ACCESS 312 HURRICANE LANE, SUITE 201 WILLISTON, VT 05495	
15. DATE SUBMITTED: 2/18/11			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: February 18, 2011		18. DATE APPROVED: May 11, 2011	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2011		20. SIGNATURE: [Redacted]	
21. TYPED NAME: Richard R. McGreal		22. TITLE: Associate Regional Administrator, Division of Health Care Access & Children's Health Operations, Boston, MA	
23. REMARKS Revised Box # 7 to reflect Federal budget impact for SFY11 with State's permission by e-mail Friday, 05/13/2011			

METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE
(Continued)

2. a. Outpatient Hospital Services (Continued)

2. Effective with dates of service on or after May 1, 2008, the Department of Vermont Health Access (DVHA) will reimburse qualified providers for outpatient hospital services under a prospective fee schedule as set forth in this plan. The majority of services will be paid using the Medicare Outpatient Prospective Payment System (OPPS) Ambulatory Payment Classification (APC) fee schedule.

i. Participating Hospitals

All in-state and out-of-state hospitals will be included in this payment methodology, regardless of any designation provided by Medicare.

ii. Discussion of Pricing Methodology

A. APC Rates

The DVHA will follow the Medicare OPPS pricing methodology with respect to how each CPT/HCPCS will be treated in the Medicare OPPS, with the exception that the DVHA will not utilize Medicare OPPS composite pricing logic. The DVHA will use the status indicator that the Medicare OPPS assigns to each CPT/HCPCS to set pricing methodology. Additionally, the DVHA will follow Medicare's methodology with respect to packaging items into the payment with the primary service.

Effective with dates of service on or after January 1, 2011, two rates will be in place for each APC. The standard rates will be set at 83.8% of the Medicare OPPS median APC rate without local wage adjustments. The enhanced rates will be set at 99.2% of the Medicare OPPS median APC rate without local wage adjustments.

The enhanced rates will be paid to in-state hospitals for a limited time period. The Vermont Legislature appropriated an additional \$3.075 million in funds (federal and state share) for outpatient services delivered within the state. The enhanced rate will be in place for eligible hospitals until such time that the payments using the enhanced rates are \$3.075 million above what the payments would have been using the standard rates. Once the \$3.075 million is spent, then the rates paid to the in-state hospitals will revert back to the standard rates.

Hospitals in the state of Vermont classified by Medicare as a sole community hospital (SCH), or a critical access hospital (CAH) will receive 107.1% of the rate in place (either the standard or enhanced rate). Dartmouth-Hitchcock Medical Center will also receive 107.1% of the rate in place.

The DVHA will update the APC rates, the status indicators, the packaging methodology, and the outlier payment methodology annually based upon the Medicare OPPS Final Rule set each year.

B. Outlier Payments

The DVHA will follow the Medicare OPPS pricing methodology with respect to identifying claims eligible as high-cost outliers and for the outlier payment calculation for these claims.

(Continued)