

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



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

December 16, 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. 11-023-C, originally submitted to my office as SPA No. 11-023 on September 30, 2011. This SPA was split at CMS request and this portion was subsequently resubmitted as 11-023-C.

This SPA transmitted a proposed amendment to Vermont's approved Title XIX State Plan to revise the payment methodology for all hospitals for outpatient services to comply with Medicare OPPS 2011 payment provisions. A two-tiered rate structure will continue to pay the standard rates for each APC to out-of-state hospitals and an enhanced rate to in-state hospitals. This SPA has been approved effective July 1, 2011.

Changes are reflected in the following 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

cc: Mark Larson, Commissioner, Department of Vermont Health Access

Enclosure/s

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER: 11--023-C	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) JULY 1, 2011
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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 §430.12(c)(ii)	7. FEDERAL BUDGET IMPACT: a. FFY 2011 \$ 1,295,550 b. FFY 2012 \$ 5,182,200
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: ATT 4.19-B PG 2A(1A).	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) ATT 4.19-B PG 2A(1A).
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10. SUBJECT OF AMENDMENT: 2011 OPPS increase

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

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: 09/30/2011	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED: 09/30/2011	18. DATE APPROVED: 12/16/2011
PLAN APPROVED - ORIGINAL COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVAL MATERIAL: 07/01/2011	20. SIGNATURE OF REGIONAL OFFICIAL:
21. FULL NAME: Richard R. McGreal	22. TITLE: Associate Regional Administrator, Medicaid & Children's Health, Boston Regional Office
23. REMARKS:	
State and Federal officials agree via e-mail (11/23/2011 and 12/08/2011) to pen&ink changes to Boxes 1, 7, 8, 9 and 10 to facilitate splitting the original SPA submission 11-023 into three smaller SPAs (A-C) at CMS request.	

METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE

2. a. Outpatient Hospital Services

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 July 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 standard rates will be paid to all out-of-state hospitals. The enhanced rates will be set at 103.0% of the Medicare OPPS median APC rate without local wage adjustments. The enhanced rates will be paid to all in-state hospitals.

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)