

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



JUN 06 2013

Mr. Brett Davis
Administrator
Division of Health Care Access and Accountability
Department of Health Services
1 West Wilson St., Room 350
Madison, WI 53701-0309

RE: Wisconsin State Plan Amendment (SPA) 12-013

Dear Mr. Davis:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 12-013. Effective for services on or after July 1, 2012, this amendment revises reimbursement methodology for inpatient hospital services. Specifically this amendment continues the same standard diagnosis related grouping (DRG) group rate for rate year 2013. Additionally, this amendment increases the per discharge amounts paid out for inpatient access supplemental payments for rate year 2013.

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 of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 12-013 is approved effective July 1, 2012. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Todd McMillion at (312) 353-9860.

Sincerely,

Cindy Mann,
Director

Enclosure

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 12-013	2. STATE Wisconsin
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION		4. PROPOSED EFFECTIVE DATE 07/01/2012
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		

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 447.250	7. FEDERAL BUDGET IMPACT: a. FFY 2013 \$0K b. FFY 2014 \$0K
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A pages 9 and 39.	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same

10. SUBJECT OF AMENDMENT:

Inpatient hospital rates and methodologies - access payments.

11. GOVERNOR'S REVIEW (Check One):

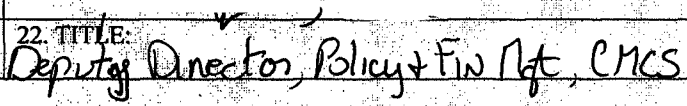
- GOVERNOR'S OFFICE REPORTED NO COMMENT
 OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Brett Davis State Medicaid Director Division of Health Care Access and Accountability 1 W. Wilson St. P.O. Box 309 Madison, WI 53701-0309
13. TYPED NAME: Brett Davis	
14. TITLE: State Medicaid Director	
15. DATE SUBMITTED: September 27, 2012	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: JUN 06 2013
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVAL: JUL 01 2012	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Penny Thompson	22. TITLE: Deputy Director, Policy & Fin Mgt, CMCS
23. REMARKS:	

5150 Provider Specific Payment Rates for Hospitals Located within the State of Wisconsin and Major Border Status Hospitals**5151 Calculation Of Hospital-Specific DRG Base Rate, General**

The "hospital-specific DRG base rates" is calculated as follows:

First, a uniform "standard DRG group rate" is developed based on the projected WMP budget for DRG hospitals and projected inpatient utilization and case mix for the rate year. For rate year 2013, the standard DRG group rate is \$3,211. In the process of developing hospital-specific DRG base rates, the "standard DRG group rate" was continually adjusted to accommodate capital, medical education, DSH payments, and rural hospital factors, as well as the projected WMP budget. The "standard DRG group rate" was also adjusted to accommodate critical access hospital base rates that are estimated to provide those hospitals with 100% cost-based reimbursement.

The labor portion of that group rate will be adjusted by the wage area index applicable to the hospital. The sum of the adjusted labor portion and non-labor portion is the total labor adjusted group rate. Section 5152 describes the wage area adjustment index for hospitals located within the State of Wisconsin and Section 5155 describes the wage area adjustment index for Major Border status hospitals. Added to this adjusted rate are hospital's specific base payments for capital and a hospital's specific base payment for direct costs of a medical education program, described in sections 5160 and 5165. The result is the "hospital-specific DRG base rate".

5152 Wage Area Adjustment Index for Hospitals Located within the State of Wisconsin

5153 Introduction. The standard DRG group rate applicable to a hospital will be adjusted by a wage index. This subsection describes how the Department develops the hospital specific wage index for hospitals located within the State of Wisconsin and the separate hospital specific wage index for major border status hospitals, and how the indices will be applied to a specific hospital's payment rate.

5154 Calculation of Hospital Specific Wage Index. The Department will develop hospital specific wage indices based on hospital wage data available through the federal Centers for Medicare & Medicaid Services (CMS) website. For hospitals for which CMS has no data, such as children hospitals, non acute care hospitals, or new providers, the Department may use data from other sources. Provider information needs to be submitted to the Department no later than January 1 of the previous rate year for the subsequent rate year.

Only wage data from hospitals certified as providers for the WMAP will be used. For determining the index for border status hospitals, only major border status hospitals will be included in the wage area index calculation.

The following hospitals are not included in the calculation of the wage index.

- (1) Hospitals not covered by the DRG payment system.
- (2) Hospitals in Wisconsin designated as critical access hospitals as of September 30 immediately preceding the beginning of the rate year. For example, for the rate year beginning July 1, 2003, hospitals designated CAH as of September 30, 2002 are excluded.
- (3) Hospitals known to be closed or to have discontinued operating as a hospital as of September 30 immediately preceding the beginning of the rate year, not including hospitals combining or merging with another hospital.
- (4) Out-of-state non-border status hospitals and minor border-status hospitals.

Wage data will be obtained through the CMS website from the most recent fiscal year Final Occupational Mix Factor by Provider file available at time of rate development. This file is organized by provider and includes occupational mix adjusted and unadjusted wages, occupational mix adjusted and unadjusted AHWs, the nurse occupational mix adjustment factor, and the CBSA nurse occupational mix adjustment factor. DHS will utilize the unadjusted wage data for the purposes of the creation of the hospital specific wage index for hospitals located within the State of Wisconsin, and the hospital specific wage index for major border status hospitals. The hospital specific wage index calculation for hospitals located within the State of Wisconsin will be developed by calculating a statewide average wage rate using wage data from WMAP certified hospitals located in Wisconsin. The hospital specific wage index for each hospital shall be the ratio of the hospital specific average wage to the statewide average wage. The statewide rate, in essence, has a 1.00 index. A hospital specific wage index of 1.05 indicates that the average wage rate for the provider is 5% greater than the statewide average. A hospital specific wage index of .90 means that the hospital's average wage rate is 10% lesser than the statewide average.

For providers in which wage data is not available and providers have not submitted hospital specific information for consideration, DHS will calculate an average wage index using data from those providers located in the same metropolitan statistical area (MSA) as defined by CMS. This process will be followed until wage area data is identifiable and published in the referenced CMS publication used for wage index classification.

8520 Inpatient Access Payments

To promote WMP member access to acute care, children, rehabilitation hospitals, and critical access hospitals throughout Wisconsin, WMP will provide a hospital access payment amount per inpatient discharge. Access payments are intended to reimburse hospital providers based on WMP volume. Therefore, the payment amounts per discharge are not differentiated by hospital based on acuity or individual hospital cost. However critical access hospitals receive a different access payment per discharge than acute care, children, and rehabilitation hospitals.

The amount of the hospital access payment per discharge is based on an available funding pool appropriated in the state budget and aggregate hospital upper payment limits (UPL). This amount of funding is divided by the estimated number of paid inpatient discharges for the fiscal year. For rate year 2013, the inpatient hospital access payment amount for acute care, children and rehabilitation hospitals is \$3,608 per discharge. For rate year 2013, the inpatient hospital access payment amount for critical access hospitals is \$901 per discharge. This payment per discharge will be in addition to the base DRG and per diem payments for Wisconsin acute care, children, rehabilitation and critical access hospitals. Access payments per discharge are only provided until the fee-for-service hospital access payment budget has been expended for the rate year. The total fee-for-service hospital access payment budget for rate year 2013 is \$268,811,479.

Access payments are subject to the same federal upper payment limit standards as base rate payments. Access payment amounts are not interim payments and are not subject to settlement. Psychiatric hospitals are not eligible for access payments because of the unique rate setting methods used to establish rates for those hospitals.

8525 Inpatient Supplement Payment for Adult Level One Trauma Centers

For services provided on or after July 1, 2012, the WMP will provide annual statewide funding of \$4,000,000 per rate year to hospitals with an Adult Level One Trauma Center, as designated by the American College of Surgeons. The payment is made to hospitals with an Adult Level One Trauma Center to assist with the high costs associated with operating a center with this designation. The trauma inpatient supplement is paid as a monthly amount established according to the following method. A total of \$4,000,000 is distributed each rate year among hospitals qualifying for this supplement. This is distributed proportionately among qualifying hospitals based on their number of eligible hospitals as described below.

A qualifying hospital's supplement will be determined as follows:

$$\text{Hospital's annual trauma supplement} = \frac{\text{Qualifying Trauma Hospital}}{\text{Total Number of Hospitals Qualifying as Trauma Hospitals}} \times \$4,000,000 \text{ Statewide annual funding}$$