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State/Territory Name: Wisconsin

State Plan Amendment (SPA) #: WI 17-0005

This file contains the following documents in the order listed:

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

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



Financial Management Group

Ms. Heather K. Smith
State Medicaid Director
Department of Health Services
1 West Wilson St.
P.O. Box 309
Madison, WI 53701-0309

APR 05 2018

RE: Wisconsin State Plan Amendment (SPA) 17-0005

Dear Ms. Smith:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 17-0005. Effective for services on or after April 1, 2017, this amendment revises reimbursement methodologies for inpatient hospital rates and methodologies for state plan rate year 2017. The state updated the assessment pay for performance program.

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 17-0005 is approved effective April 1, 2017. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Tom Caughey at (517) 487-8598.

Sincerely,

A black rectangular redaction box covers the signature of Kristin Fan.

Kristin Fan
Director

Enclosure

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
17-0005

2. STATE
Wisconsin

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
04/01/2017

FOR: HEALTH CARE FINANCING ADMINISTRATION

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:
47 CFR 447.250

7. FEDERAL BUDGET IMPACT:
a. FFY 2017 \$OK
b. FFY 2018 \$OK

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, Pages 20 to 22

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-A, Pages 20 to 22

10. SUBJECT OF AMENDMENT:

Inpatient hospital rates and methodologies. Discontinue withhold pay for performance program; update assessment pay for performance program.

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:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Michael G. Heifetz

14. TITLE:
State Medicaid Director

15. DATE SUBMITTED:

June 27, 2017

16. RETURN TO:

Michael G. Heifetz
State Medicaid Director
Department of Health Services
1 W. Wilson St.
P.O. Box 309
Madison, WI 53701-0309

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

APR 05 2018

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

APR 01 2017

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Kristin Fan

22. TITLE:

Director, FMC

23. REMARKS:

6700 Performance-Based Payments

Starting April 1, 2017, the Department is ending the Withhold Pay-for-Performance program. The Assessment-Funded Pay-for-Performance program will continue as described below.

6710 Assessment-Funded Performance-Based Payments

The Department reserves \$5 million (all funds) in each SFY for its Hospital Assessment Pay-for-Performance (HAP4P) program, which provides for payments to acute care, children's, and rehabilitation hospitals located in Wisconsin. Critical access hospitals are not included in the HAP4P program because they already receive cost-based reimbursement. Psychiatric hospitals are not included because they are paid under a different reimbursement methodology in the State Plan.

The HAP4P program is administered on a measurement year (MY) basis. Each MY runs from January 1 through December 31. Payments for each MY are made annually by the September 30 following the conclusion of the MY.

The remainder of this section describes the program's design and requirements for the Transitional Measurement Year, which runs from January 1, 2017 to December 31, 2017. In order to be eligible for HAP4P program payments, hospitals are required to report performance measure data and meet performance-based targets as specified in the Hospital Pay-for-Performance (P4P) Guide (effective April 1, 2017 for the Transitional Measurement Year) published on the Wisconsin ForwardHealth Portal here: https://www.forwardhealth.wi.gov/wiportal/content/provider/medicaid/hospital/resources_01.htm.spage.

Hospitals receive payment for scoring at or above the averages published in the P4P Guide for the three CheckPoint measures, and their respective sub-measures, as listed below.

- 1) Perinatal Measures (\$2 million) – Hospitals are scored on two sub-measures (Cesarean Section and Newborn Screening Turnaround Time). A hospital can earn a 75% "partial share" of the \$2 million by scoring at or above the published average on one of the sub-measures, or can earn a 100% "full share" of the \$2 million by scoring at or above the published average on both of the sub-measures.
- 2) Patient Experience of Care (\$1.5 million) – Hospitals are scored on 10 sub-measures drawn from the 31 question Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey completed by patients. A hospital can earn a 100% "full share" of the \$1.5 million by scoring at or above the published average on at least three of the sub-measures.
- 3) Central Line Associated Blood Stream Infections (CLABSI) (\$1.5 million) – Hospitals are scored based on their performance on this standard infection ratio that is calculated for all Wisconsin hospitals. A hospital can earn a 100% "full share" of the \$1.5 million by scoring at or above the published average for this measure.

Only data submitted to CheckPoint as of the June 30 following the conclusion of the MY are included in the calculations of performance on these measures.

The Department determines the payment amounts and recipients for each measure separately. The Department calculates the "full share" payment amount for a measure by dividing the budget for the measure by the sum of ("partial" and "full") shares earned by hospitals; the "partial share" payment amount is the "full share" payment amount multiplied by the "partial share" percentage. For example, if, for the Perinatal Measures, 25 hospitals qualify for "full shares" and 20 hospitals qualify for 75% "partial shares," the sum of the shares is 40 (25 + (0.75 x 20)), so the 25 hospitals each earn \$50,000 (\$2 million / 40) while the 20 hospitals each earn \$37,500 (\$50,000 x 0.75).

HAP4P payments are limited by the federal UPL regulations at 42 CFR §447.272. All HAP4P payments are included in the UPL calculation for the MY regardless of when payments are actually made.

APR 05 2018