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State Name: West Virginia

State Plan Amendment (SPA)#: 15-0008

This file contains the following documents in the order listed:

1) Approval Letter
2) CMS 179 Form/Summary Form (with 179-like data)
3) Four (4) SPA Pages

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

Financial Management Group

SEP 12 2016

Ms. Cynthia Beane, MSW, LCSW, Acting Commissioner
Bureau for Medical Services
WV Department of Health and Human Resources
350 Capitol Street, Room 251
Charleston, WV 25301-3706

RE: State Plan Amendment (SPA) 15-0008

Dear Ms. Beane:

We have completed our review of State Plan Amendment (SPA) 15-0008. This amendment modifies the State's methods and standards for setting payment rates for inpatient hospital services. Specifically, this amendment continues certain special payments provided to prospective payment hospitals and to safety net hospitals.

We conducted our review of this amendment according to the statutory requirements at sections 1902(a)(3), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving Medicaid State plan amendment 15-0008 with an effective date of April 1, 2016. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Gary Knight at (304) 347-5723.

Sincerely,

/S/

Kristin Fan
Director

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 15-008
2. STATE: West Virginia

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

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
April 1, 2016

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 440.10

7. FEDERAL BUDGET IMPACT:
a. FFY 2016 $ 39,330
b. FFY _____ $ _____

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A, page 24, 24a, 24b, 24c

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable).
Attachment 4.19-A, page 24, 24a, 24b, 24c

10. SUBJECT OF AMENDMENT:
The purpose and rationale for this plan amendment is to renew the PPS and tertiary and rural safety net hospitals' supplemental payment pools and set new pool amounts.

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:
/S/

13. TYPED NAME:
Tony E. Atkins

14. TITLE:
Deputy Commissioner

15. DATE SUBMITTED:
27-Jun-16

16 RETURN TO:
Bureau for Medical Services
350 Capitol Street Room 251
Charleston West Virginia 25301

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

18 DATE APPROVED
SEP 12 2016

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
APR 01 2016

20 SIGNATURE OF REGIONAL OFFICIAL:
/S/

21. TYPED NAME:
Kristin Fan

22 TITLE
Director, FMCO

23. REMARKS:

FORM HCFA-179 (07-92) **INSTRUCTIONS ON BACK**

SPECIAL PAYMENTS TO PROSPECTIVE PAYMENT SYSTEM (PPS) HOSPITALS

4.19 Payments for Remedial Care and Services

Inpatient Hospital Services

Updating of Payment for Transfer Cases: The Bureau will evaluate the need to modify the level of payment for transfer cases on an annual basis using the methodology as described in Sections 11 and 12.

J. Special payments to prospective payment system (PPS) Hospitals

Providing a Special Payment plan to enhance payments statewide to all hospitals participating in the West Virginia-PPS.

A. General Criteria for Hospital Participation:

1. Must be a West Virginia licensed inpatient acute care hospital;
2. Must be enrolled as a WV Medicaid provider;
3. Must be a participant in the WV Medicaid's PPS; and,
4. Must be designated as a Rural PPS or Urban PPS hospital by the Bureau. Designation will be pursuant to the Core Based Statistical Area (CBSA) classification as an Urban PPS hospital. The Bureau will designate a hospital as a Urban PPS hospital based on the CBSA's Metropolitan Core Based Statistical Area (MCBSA) classification. Hospitals outside the MCBSA classification will be designated rural hospitals. The State's MCBSAs will be updated at the beginning of the State Fiscal Year (SFY) following the U.S. Census Bureau's reconfiguration approval date.

B. Payment Methodology:

1. Payment will be calculated based on each provider's percentage of its Medicaid paid DRG days to its assigned groups. Medicaid paid DRG days times the distribution amount designated to that particular group.

2. Using the payment calculation J.B.1. above, interim payments will be determined and issued to each provider on an interim basis. Interim payments will be calculated using the historic Medicaid paid DRG days and exclude Medicare/Medicaid crossover days, for each providers' paid days count and each pools' total paid days count. Subsequent years interim payments will likewise use the most recently completed data from the preceding plan's settlement data to establish the interim payment amounts for each following year.

SPECIAL PAYMENTS TO PROSPECTIVE PAYMENT SYSTEM (PPS) HOSPITALS

4.19 Payments for Remedial Care and Services

Inpatient Hospital Services

3. An annual final settlement for each year of the plan will be determined by the Bureau. The final settlement adjustment amounts will be the calculated utilizing the difference between the providers' interim payments and the providers' final settlement amount. The final settlement amounts for each SFY will be determined using the Bureau's annual claims processed data for the specific year's settlement in the formula described in Section J.B.1.

4. Collection or disbursement of final settlement payment amounts will be conducted annually. Final settlement adjustment amounts, that is, overpayments and under payments, may be collected or disbursed in accordance with Bureau's current overpayment recovery policy and settlement procedures. However, when practical, collections and disbursement may be offset or added to subsequent interim payments.

C. Distribution amounts per State Fiscal Year 2016 (SFY) for these PPS hospitals is $15,693,680 for urban and $8,084,623 for rural.

K. Special Payment to Safety Net Hospitals

Provides special payments to qualified Tertiary Safety Net and Rural Safety Net hospitals. The special payments will be made as described below:

A. General Criteria for Hospital Participation:

1. Must be a West Virginia licensed inpatient acute care hospital;
2 Must be enrolled as a WV Medicaid provider;
3. Must be a participant in the WV Medicaid's PPS;
4. Must be designated as a Rural PPS or Urban PPS hospital by the Bureau. Designation will be pursuant to the Core Based Statistical Area (CBSA) classification as an Urban PPS hospital. The Bureau will designate a hospital as an Urban PPS hospital based on the CBSA's Metropolitan Core Based Statistical Area (MCBSA) classification. Hospitals outside the MCBSA classification will be designated rural hospitals. The State's MCBSAs will be updated at the beginning of the State Fiscal Year (SFY) following the U.S. Census Bureau's reconfiguration approval date.

SPECIAL PAYMENTS TO PROSPECTIVE PAYMENT SYSTEM (PPS) HOSPITALS

4.19 Payments for Remedial Care and Services

Inpatient Hospital Services

B. Specific Criteria for Tertiary Safety Net Providers

In addition to the general criteria above, a Tertiary Safety Net provider must meet one of the following criteria:

1. Provides Level I or Level II Trauma Center services as designated by the WV Department of Health and Human Resources' Office of Emergency Medical Services; or,
2. Provides Neonatal Intensive Care Unit, Level III services (NICU) as defined by the WV State Health Plan; or,
3. Provides Pediatric Intensive Care Unit services (PICU) as defined by the WV State Health Plan; or,
4. Hospital must have at least fifty (50) interns and residence in an approved teaching program.

C. Specific Criteria for Payment for Rural Safety Net Services:

In addition to the general criteria above, Rural Safety Net providers must meet all of the following criteria:

1. Hospital must be classified as a Rural PPS hospital as defined in Section K.A.4;

2. Hospital must have less than one-hundred fifty (150) general acute care beds; count will exclude psychiatric, nursery, observation, swing, and distinct part unit beds.

D. In the event that a hospital's qualifying status changes during the period and it will no longer meet the criteria for safety net participation, it will be immediately removed from its safety net group. If the provider is removed as a participant, it will be entitled to a final settlement adjustment based on the actual days incurred prior to its disqualification. The group's distribution percentages will be recalculated for the following payments as appropriate. If a provider becomes eligible for participation in the Tertiary or Rural Safety Net group, entry into that group will begin on the first State Fiscal Year following certification/designation effective date.

SPECIAL PAYMENTS TO PROSPECTIVE PAYMENT SYSTEM (PPS) HOSPITALS

4.19 Payments for Remedial Care and Services

Inpatient Hospital Services

E. Payment Methodology for Qualified Tertiary and Rural Safety Net Hospitals:

1. Payment will be calculated based on each provider's percentage of its Medicaid paid DRG days to its assigned groups' Medicaid paid DRG days times the distribution amount designated to that particular group.

2. Payment will be made on an interim basis based on the state fiscal year and estimated due. Interim payments will be distributed based on the provider's percentage of the group's WV Medicaid paid DRG days (as defined above) times the groups' total funds to be distributed for the specified period.

3. Using the payment calculation K.E.1. above, interim payments will be determined and issued to each provider. The interim payments issued in year one of the plan will be calculated using the historic Medicaid paid DRG days and exclude Medicare/Medicaid crossover days, for each providers' paid days count and each pools' total paid days count. Subsequent years' interim payments will likewise use the most recently completed data from the preceding plan's settlement data to establish the interim payment amounts for each following year.

4. An annual final settlement for each year of the plan will be determined by the Bureau. The final settlement adjustment amounts will be the calculated using the difference between the providers' interim special payments and the providers' final settlement amount. The final settlement amounts for each SFY will be determined using the Bureau's annual claims processed data for the specific year's settlement in the formula described in Section K.E.1.

5. Collection or disbursement of final settlement special payment amounts will be conducted annually. Final settlement adjustment amounts, that is, overpayments and under payments, may be collected or disbursed in accordance with Bureau's current overpayment recovery policy and settlement procedures. However, when practical, collections and disbursement may be offset or added to subsequent interim payments.

F. Distribution Amounts for each State Fiscal Year 2016 (SFY) for these safety net hospitals will not exceed $22,225,719 for tertiary and $9,077,717 million for rural.