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**State Name:** West Virginia

**State Plan Amendment (SPA)#:** 16-0004

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



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**Financial Management Group**

JUL 10 2017

Ms. Cynthia Beane, MSW, LCSW, 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) 16-0004

Dear Ms. Beane:

We have completed our review of State Plan Amendment (SPA) 16-0004. This amendment modifies the State's methods for redistribution of disproportionate share hospital overpayments. Specifically, this amendment bases redistribution on post-audit Medicaid inpatient utilization rates.

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 16-0004 with an effective date of July 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

cc: Tony Atkins, WVDHHR  
Ryan Sims, WVDHHR

<p align="center"><b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> FOR: HEALTH CARE FINANCING ADMINISTRATION</p>		1. TRANSMITTAL NUMBER: 1 6 - 0 0 4	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 July 1, 2016	
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 U.S.C. 1396a(13)(a)(iv)		7. FEDERAL BUDGET IMPACT: a. FFY 2016 \$ 0 b. \$	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19 A-1 page 8, 9, 11, 12		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable). Attachment 4.19 A-1 page 8, 9, 11, 12	
10. SUBJECT OF AMENDMENT: Redistribution of Disproportionate Share Hospital (DSH) Funds			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: <i>/S/</i>		16. RETURN TO: Bureau for Medical Services 350 Capitol Street Room 251 Charleston West Virginia 25301	
13. TYPED NAME: Cynthia Beane			
14. TITLE: Acting Commissioner			
15. DATE SUBMITTED: 27-Sep-16			
17. DATE RECEIVED			
FOR REGIONAL OFFICE USE ONLY			
18. DATE APPROVED		JUL 10 2017	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2016		20. SIGNATURE OF REGIONAL OFFICIAL: <i>/S/</i>	
21. TYPED NAME: <i>Kristin FAN</i>		22. TITLE: <i>Director, FMG</i>	
23. REMARKS:			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West Virginia

Attachment 4.19-A-1

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**PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES**

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Inpatient Hospital Services - Disproportionate Share Hospitals

inpatient days for the hospital exceeds five percent.

(b) Obstetrical Services (OB) Factor. For qualifying hospitals providing non-emergency obstetrical care where the hospital's ratio of total Medicaid deliveries of newborn babies to total deliveries is in excess of thirty-nine percent, the adjustment factor will be the sum of the following:

- (i) Five percent.
- (ii) One-quarter of one percent for every one percent or fraction thereof that the ratio of Medicaid deliveries to total deliveries exceeds thirty-nine percent.

(c) Uncovered Day Factor. One percent for every percent or fraction thereof that the ratio of total Medicaid days to total "covered" Medicaid days exceeds one hundred percent.

(3) Eligibility Payment Factor. The eligibility payment factor is calculated by dividing each hospital's total operating expenses by the total operating expenses for all qualifying hospitals under Section B.2.a.(3).

c. The quarterly payment adjustment for hospitals qualifying under this Section is calculated as follows:

- (1) The small hospital adjustment factor will be multiplied by the hospitals quarterly Medicaid approved claims and prorated for all eligible hospitals against the total dollars allocated to the small hospital group.

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TN No:	16-004	Approval Date:	JUL 10 2017	Effective Date:	July 1, 2016
Supersedes:	95-07				

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West Virginia

Attachment 4.19-A-1

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**PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES**

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Inpatient Hospital Services - Disproportionate Share Hospitals

- (2) The large hospital adjustment factor will be multiplied by the hospital's quarterly Medicaid approved claims and prorated for all eligible hospitals against the total dollars allocated to the large hospital group.
- (3) The eligibility payment adjustment is calculated by multiplying each hospital's eligibility factor by the total dollars allocated to the eligibility group.
- (4) The quarterly payment adjustment for hospitals within the small, large and eligibility groups shall be the lessor of:
  - (a) The sum of each hospital's adjustments for (1) or (2) plus (3) above, or
  - (b) One fourth of the hospital's annual cost limit as defined in Section B.4 less the hospitals payment under Section B.1 above. If the payment amount calculated within this subsection is less than subsection (a) above, the difference between (a) and (b) will be reallocated to the remaining hospitals (in accordance within Section B.s above) where (b) is greater than (a).

3. STATE OWNED OR OPERATED HOSPITAL POOL

The Commissioner of the Single State Agency will allocate an additional payment amount to hospitals qualifying under Sections A.4 and A.5 above. The allocation will be equal to the cost limit for all hospitals qualifying

(continued next page)

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**State Plan under Title XIX of the Social Security Act  
State/Territory: West Virginia**

**PAYMENTS FOR MEDICAL AND REMEDIAL CARE SERVICES  
Inpatient Hospital Services**

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**Inpatient Hospital Services - Disproportionate Share Hospitals (Continued)**

(4) The applicable percentage is defined as follows:

- (a) For FYs 1998-2000, the ratio of 1995 total computable IMD DSH payments to the 1995 total computable share total DSH payments.
- (b) For FYs 2001 and beyond, the lesser of the applicable percentage as computed above, or 50% for fiscal year 2001, 40% for fiscal year 2002, and 33% for each succeeding year.
- c. An estimated cost limit will be computed at the beginning of each State Fiscal Year. The estimated cost limit will be based on each hospital's financial data for its fiscal year ended during the calendar year preceding the start of the State Fiscal Year. The estimated cost limit may be adjusted to reflect anticipated changes in cost and/or revenues. The estimated IMD limit is based on Section 4.b. above.
- d. Tentative and final cost settlements will be made as necessary. A final settlement will be calculated from data contained within each hospital's best available data using tentative and/or final HCFA-2552 cost report and supplemental schedules as required as well as results of the DSH audit and final annual cost limit. The final DSH cost settlement will be made in addition to other cost settlements. The final IMD DSH limit is based on Section 4.b. above, and the State's annual IMD DSH limit as published in the Federal Register. Appeal rights are limited to errors in the DSH formula and errors that may result in material misstatement of DSH based on data submitted in the provider's DSH forms.
- e. Final DSH cost settlement amounts shall be determined in accordance with the payment methodology set forth in sections of 4.19 A-1 above. Comparisons to final DSH cost limits indicating overpayments and underpayments shall be made and resulting amounts will be recouped and redistributed per 42 CFR Part 433.30 Subpart F. Overpayments will be redistributed. The redistribution shall be to all DSH hospitals which have not received the maximum for which they are eligible, meaning the following categories of hospitals: Critical Access, Minimum DSH, Non-State Owned, IMD, and State Owned or Operated. The redistribution shall be paid to the remaining hospitals proportionately based upon their audited Medicaid utilization rate. Aggregate DSH payments shall not exceed a hospital's specific DSH limit. Any existing overpayments remaining after complete redistribution shall result in return of federal share to CMS.

**State Plan under Title XIX of the Social Security Act  
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**PAYMENTS FOR MEDICAL AND REMEDIAL CARE SERVICES  
Inpatient Hospital Services**

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5. The sum of section B.1., B.2. and B.3. payments will not exceed the total federal allotment of funds. Additionally, the sum of section B.1., B.2. and B.3. IMD hospital DSH payments will not exceed the federal IMD DSH limitations.

TN#: 16-004  
Supersedes  
TN # 98-04

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