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State/Territory Name: North Dakota

State Plan Amendment (SPA) #: 22-0007

This file contains the following documents in the order listed:

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

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Financial Management Group

Caprice Knapp
Director
ND Department of Human Services
600 East Boulevard Avenue, Dept. 325
Bismarck, ND 58505-0250

Re: North Dakota 22-0007

Dear Ms. Knapp:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 22-0007. Effective for dates of services on or after July 1, 2022, this amendment provides for an inflationary increase of .25 percent for inpatient hospital services, updates the All Patient Refined Diagnosis Related Grouper to version 39 and updates the cost outlier methodology.

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 implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment TN 22-0007 is approved effective July 1, 2022. The CMS-179 and the amended plan pages are attached.

If you have any questions, please contact Christine Storey at (303) 844-7044 or christine.storey@cms.hhs.gov.

Sincerely,

[redacted]

Rory Howe
Director

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 22-0007

2. STATE: ND

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

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2022

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 440.10

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2022 $ 20,096
b. FFY 2023 $ 57,994

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A, pages 1 and 2

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-A, pages 1 and 2 (TN 21-0005)

9. SUBJECT OF AMENDMENT

Amends the State Plan to identify changes to the DRG grouper version, outlier methodology and to implement an inflationary increase

10. 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:
Caprice Knapp, Director
Medical Services Division

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Caprice Knapp

13. TITLE
Medical Services Director

14. DATE SUBMITTED
July 13, 2022

15. RETURN TO
Caprice Knapp, Director
Medical Services Division
ND Department of Human Services
600 East Boulevard Avenue Dept 325
Bismarck ND 58505-0250

FOR CMS USE ONLY

16. DATE RECEIVED
July 13, 2022

17. DATE APPROVED
September 20, 2022

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2022

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, Financial Management Group

22. REMARKS

Instructions on Back

METHOD FOR REIMBURSING INPATIENT HOSPITAL SERVICES

1. Hospitals paid using Prospective Payment System (PPS).

   a. In-state hospital service reimbursement paid to all hospitals and distinct part units, except those hospitals and distinct part units specifically identified in Section 2, will be made on the basis of a Prospective Payment System (PPS). The system generally follows the Medicare PPS in terms of the application of the system. PPS uses diagnostic related groups (DRG) to pay for services upon discharge. Medical education costs are excluded from the PPS.

   b. The base year used for the calculation of the base rate is the years ending December 31, 2019 and December 31, 2020. The base year used for the calculation of the capital rate is the year ending June 30, 2007. The base rate established for hospitals paid by PPS is effective July 1, 2022. The capital rate established for hospitals paid by PPS is effective July 1, 2009. The base rate and capital rate effective shall be increased by one-fourth percent effective July 1, 2022.

   c. Vacated.

   d. Effective July 1, 2022 the DRG classification and grouper system is the All Patient Refined Diagnosis Related Grouper version 39.

   e. Vacated

   f. Vacated.

   g. A capital payment will be included in the PPS payment for all discharges. Capital payments may not be paid to a transferring hospital.

   h. Outlier Payments.

      (1) A cost outlier payment is made when costs exceed a threshold of two times the DRG rate or $60,000, whichever is greater. Costs above the threshold will be paid at 60 percent of billed charges.

      (2) For DRG's 580-640 relating to neonates the cost outlier thresholds are the greater of 1.5 times the DRG rate or $57,000. Costs above the threshold will be paid at 80 percent of billed charges.

i. Transfers. Payment will be the full DRG payment, inclusive of outliers and capital, to the final hospital. Per diem payments will be made to the transferring hospitals. Total per diem payments to transferring hospitals may not exceed the full DRG payment, exclusive of outliers and capital. Per diem is the basic DRG payment divided by the arithmetic untrimmed average length of stay. A patient may be transferred to another hospital and then transferred back to the original hospital which becomes the final hospital, in such case, the original hospital will not receive per diem payments for the portion of the stay occurring prior to the transfer. The days of stay in the original hospital prior to the transfer out and back will be included as part of the calculation of the full DRG payment, inclusive of outliers and capital.

2. Payments for hospitals excluded from prospective payment system.

a. Excluded from hospitals paid using PPS are psychiatric, rehabilitation, cancer, long term care, and children's hospitals and psychiatric and rehabilitation distinct part units of hospitals, and hospitals designated as Critical Access Hospitals.

b. Payment for inpatient psychiatric and rehabilitation services are made using a prospective per diem rate. Effective July 1, 2009 the hospital or distinct part unit per diem rate is calculated based on the lesser of a maximum prospective per diem rate established for each type of service or the hospital's cost to provide the service based on the hospital cost report for the year ended June 30, 2007. The hospital's calculated per diem rate shall be inflated by one-fourth percent effective July 1, 2022. The maximum prospective per diem rate effective July 1, 2009 is $1,020.48 per day for psychiatric services and $1,519.80 for rehabilitation services.

c. Effective July 1, 2009 inpatient services furnished by a hospital having an average inpatient length of stay greater than 25 days and designated a long-term care hospital by Medicare shall be paid on a prospective basis using a percentage of charges established using the hospital's most recent audited Medicare cost report available as of June 1 of each year. The percentage of charges as established shall be adjusted annually on July 1. The payment based on a percentage of charges is an all-inclusive rate and is not subject to cost settlement.

d. Payments to cancer and children’s hospitals are made based on a reasonable cost basis, using the Medicare methods and standards set forth in 42 CFR 413. An interim payment rate based on the hospital’s cost to charge ratio from the latest available cost report will be made until such time as a cost settlement is made. The interim cost to charge ratio for a hospital which has not filed a cost report shall be 70%.

e. Indian Health Hospitals are paid inpatient per diem rates in accordance with the most recently published Federal Register notice.

f. Effective July 1, 2007, payments to hospitals designated as Critical Access Hospitals shall be made based on reasonable costs using the Medicare methods and standards set forth in 42 CFR 413. An interim per diem payment rate shall be