

## **Table of Contents**

**State/Territory Name: North Dakota**

**State Plan Amendment (SPA) #: 24-0009**

This file contains the following documents in the order listed:

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

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-14-28  
Baltimore, Maryland 21244-1850



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**Financial Management Group**

August 7, 2024

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

Re: North Dakota 24-0009

Dear Sarah Aker:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed North Dakota state plan amendment (SPA) to Attachment 4.19- A ND 24-0009, which was submitted to CMS on June 5, 2024. This plan amendment provides for inflationary increases for certain inpatient hospital service payments.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 and 1923 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2) of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of July 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Christine Storey at [Christine.storey@cms.hhs.gov](mailto:Christine.storey@cms.hhs.gov).

Sincerely,



Rory Howe  
Director  
Financial Management Group

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER <u>2 4</u> — <u>0 0 0 9</u>	2. STATE <u>ND</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

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

4. PROPOSED EFFECTIVE DATE  
July 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION  
42 CFR 440.10

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 2024 \$ 269,100  
b. FFY 2025 \$ 1,019,400

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, page 1 (TN 22-0007) and page 2 (TN 23-014)

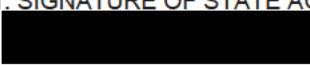
9. SUBJECT OF AMENDMENT

Amends the State Plan to implement an inflationary increase for Inpatient Hospital Services.

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:

11. SIGNATURE OF STATE AGENCY OFFICIAL  


12. TYPED NAME  
Sarah Aker

13. TITLE  
Medical Services Director

14. DATE SUBMITTED  
June 5, 2024

15. RETURN TO  
Sarah Aker, Executive Director  
Medical Services Division  
ND Department of Health and Human Services  
600 East Boulevard Avenue Dept 325  
Bismarck ND 58505-0250


**FOR CMS USE ONLY**

16. DATE RECEIVED: June 5, 2024

17. DATE APPROVED  
August 7, 2024

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL  


20. TYPED NAME OF APPROVING OFFICIAL: Rory Howe

21. TITLE OF APPROVING OFFICIAL: Director, Financial Management Group (FMG)

22. REMARKS

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 shall be increased by two percent effective July 1, 2024.
  - 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 three percent effective July 1, 2024. 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