



C.L. "BUTCH" OTTER – Governor
RICHARD M. ARMSTRONG -- Director

IDAHO DEPARTMENT OF
HEALTH & WELFARE

PAUL J LEARY - Administrator
DIVISION OF MEDICAID
Post Office Box 83720
Boise, Idaho 83720-0009
PHONE: (208) 334-5747
FAX: (208) 364-1811

September 13, 2013

Carol J.C. Peverly
Regional Administrator
Division of Medicaid and Children's Health Operations
M/S RSX-43
2201 Sixth Avenue
Seattle, WA 98121

Dear Ms. Peverly:

The State of Idaho is submitting a Medicaid State Plan Amendment, Transmittal #13-017. We are requesting this amendment to our State Plan to indicate the method by which the private hospital Medicaid upper payment limit is calculated for inpatient hospital services and outpatient hospital services.

Please substitute the enclosed pages in your copy of the Idaho State Medicaid Plan:

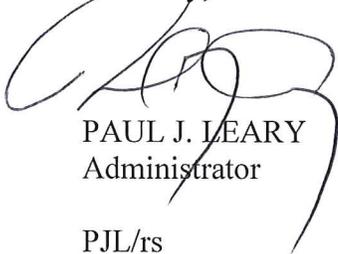
- Attachment 4.19-A, pages 13 and 13a.

Tribal notification letters were presented for this SPA. Please see attached Tribal representative letter. The letter was mailed, e-mailed and posted to the Medicaid-Tribes SharePoint (website).

The estimated available Medicaid upper payment limit spending for inpatient and outpatient hospital services is \$25,000,000. No public hearings have been scheduled at this time.

Idaho appreciates your review of these changes, and anticipates your approval of this amendment. Please direct any questions regarding this SPA to Robert Kellerman, Office of Reimbursement, Division of Medicaid at (208) 364-1994.

Sincerely,



PAUL J. LEARY
Administrator

PJL/rs

Enc.

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 13-017	2. STATE IDAHO
FOR: HEALTH CARE FINANCING ADMINISTRATION	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, 2013	

5. TYPE OF PLAN MATERIAL (*Check One*):

NEW STATE PLAN
 AMENDMENT TO BE CONSIDERED AS NEW PLAN
 AMENDMENT

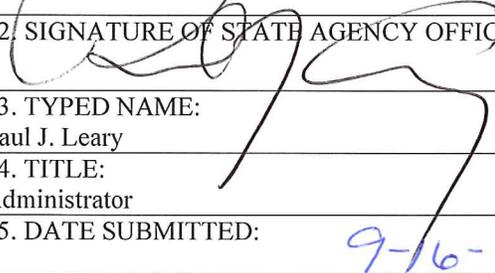
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION: 1905(a)(6), 1905(a)(12) and 2110(a)(24) of the Social Security Act	7. FEDERAL BUDGET IMPACT: Total (\$) Federal Funds FFY 2013 (\$0)
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, pages 13 and 13a.	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-A, pages 13 and 13a.

10. SUBJECT OF AMENDMENT:
This change is being made to state the method by which the private hospital Medicaid upper payment limit is calculated for inpatient hospital services.

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: 	16. RETURN TO: Paul J. Leary, Administrator Idaho Department of Health and Welfare Division of Medicaid PO Box 83720 Boise ID 83720-0009
13. TYPED NAME: Paul J. Leary	
14. TITLE: Administrator	
15. DATE SUBMITTED: 9-16-13	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED:
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME:	22. TITLE:
23. REMARKS:	

conditions are met:

- a. Total inpatient and outpatient covered charges are more than fifty thousand dollars (\$50,000) in the fiscal year; or
 - b. When less than fifty thousand dollars (\$50,000) of the covered charges are billed to the state by the provider, and a probable significant underpayment or overpayment is identifiable, and the amount makes it administratively economical and efficient for cost settlement to be requested by either the provider or the state, a cost settlement will be made between the hospital and the Department.
02. Payment for Hospitals without Cost Settlement. Those out-of-state hospitals not cost settling with the state will have annually adjusted rates of payment no greater than seventy-five percent (75%) for inpatient covered charges. This rate represents an average inpatient reimbursement rate paid to Idaho hospitals.
 03. Payment For Out Of State Hospitals That Perform Specialized Services Or Procedures Unavailable At Instate Hospitals. In cases where the Department determines that a Medicaid client is having access difficulty because there are no instate hospitals available that can perform the particular service or procedure needed, the Department may negotiate a payment rate with an out of state hospital that can perform the service or procedure needed, rather than cost settle with them. The Department will set a payment rate that will reimburse the hospital on a reasonable cost basis under Medicare cost reimbursement principles. The established payment ceiling will be 100% of costs, and the payment floor will be 30% of inpatient covered charges or 100% of costs, whichever is less. Outpatient covered charges will be reimbursed based on payment for hospitals without cost settlement, as outlined in Attachment 4.19-B.

457. SUPPLEMENTAL PAYMENTS

01. SUPPLEMENTAL PAYMENTS FOR NON-STATE GOVERNMENT-OWNED HOSPITALS.

Subject to the provisions of this section, eligible providers of Medicaid inpatient hospital services shall receive a supplemental payment each state fiscal year. Eligible providers are non-state government-owned and/or operated hospitals, including critical access hospitals and district hospitals.

The supplemental payments are intended to be used to improve access to health care. The payments made to these facilities will be based on the aggregate difference in the actual amount paid by the Medicaid program and the amount that would have been paid up to the Diagnostic Related Group (DRG) Medicare payment principles.

Supplemental payments made to the non-state governmental-owned hospitals that provide inpatient hospital services will be distributed to all hospitals within that group based on a hospital's percentage of Medicaid inpatient days to total inpatient days within the group.

The supplemental payments made to private and non-state government-owned and/or operated hospitals are subject to prior federal approval and a contractual commitment by the hospitals not to allow expenditures paid for by the supplemental payments to be included in costs used to set Medicaid hospital payment rates.

The supplemental payments shall not be subject to rules governing payments to hospitals found in IDAPA 16.03.9 (Effective 3/30/07). However, they shall not exceed the Medicaid upper payment limits for non-state government-owned and/or operated hospital payments. The Medicaid upper payment limit analysis will be performed prior to making the supplemental payments.

Distributed supplemental payments will be made by the end of each State fiscal year and will be calculated based on the previous calendar year's Medicaid payment data (e.g., For State fiscal year 2009, the 2007 calendar year will be used to calculate the Medicaid payment data.).

02. SUPPLEMENTAL PAYMENTS FOR PRIVATE HOSPITALS.

Subject to the provisions of this section, eligible providers of Medicaid inpatient hospital services shall receive a supplemental payment each state fiscal year. Eligible providers are private hospitals with emergency departments, and private hospitals that are categorized as "rehabilitation" or "psychiatric" as provided in section II.C. of the "Application for Hospital Licenses and Annual Report – 2007" by the Bureau of Facility Standards of the Department of Health and Welfare.

The supplemental payments are intended to be used to improve access to health care. The payments made to these facilities will be based on the aggregate difference in the actual amount paid by the Medicaid program and the amount that would have been paid up to the DRG Medicare payment principles.

Supplemental payments made to the private hospitals that provide inpatient hospital services will be distributed to all hospitals within that group based on a hospital's percentage of Medicaid inpatient days to total inpatient days within the group.

The supplemental payments shall not be subject to rules governing payments to hospitals found in IDAPA 16.03.09 (Effective 3/30/07). However, they shall not exceed the Medicaid upper payment limits private hospital payments. The Medicaid upper payment limit analysis will be performed prior to making the supplemental payments.

Distributed supplemental payments will be made by the end of each State fiscal year and will be calculated based on the previous calendar year's Medicaid payment data (e.g., For State fiscal year 2009, the 2007 calendar year will be used to calculate the Medicaid payment data.).