PUBLIC NOTICE

September 28, 2018

Pursuant to 42 C.F.R. Section 447.205, public notice is hereby given for the submission of a Medicaid State Plan Amendment (SPA) 18-0015 Disproportionate Share Hospital (DSH) Payments. The Division of Medicaid, in the Office of the Governor, will submit this proposed SPA to the Centers for Medicare and Medicaid Services (CMS) effective October 1, 2018, contingent upon approval from CMS, our Transmittal #18-0015.

1. Mississippi Medicaid SPA 18-0015 Disproportionate Share Hospital (DSH) Payments contains the following updates to the DSH program effective October 1, 2018:

    a) To clarify:

        1) The treatment of hospital assessments on hospital cost reports according to the entire Section 2122 of the Medicare Provider Reimbursement Manual 15-1,

        2) Medicaid costs include Graduate Medical Education (GME) approved program costs in DSH calculations,

        3) Medicaid costs do not include costs associated with services covered by another third-party payer, including Medicare. When Medicaid eligible patients have access to coverage from another party, payments may be used as a proxy for cost offsets when calculating the Medicaid payment shortage or overage,

        4) The DSH payment period is from October 1 through September 30. The determination of a hospital DSH status is made annually for hospitals that meet the DSH requirements as of October 1, and

    b) Add Section 5-6, Revised Allotments, which describes the treatment of revised DSH allotments.

2. The estimated annual aggregate expenditures of the Division of Medicaid relative to this SPA, calculated on a Federal Fiscal Year basis are expected to be $0 in state funds and $0 in federal funds for FY-19 and $0 in state funds and $0 in federal funds for FY-20.

3. 42 C.F.R. § 430.12 requires that if the Division of Medicaid amends the state plan a SPA must be submitted. Specific legal authority authorizing the promulgation of rule can be found at 42 U.S.C §§ 1396r-4, 42 C.F.R. §§ 413.9, 447.299.

4. A copy of the proposed SPA will be available in each county health department office and in the Department of Human Services office in Issaquena County for review. A hard copy can be downloaded and printed from www.medicaid.ms.gov, or requested at 601-359-2081 or by emailing at Margaret.Wilson@medicaid.ms.gov.

5. Written comments will be received by the Division of Medicaid, Office of the Governor, Office of Policy, Walter Sillers Building, Suite 1000, 550 High Street, Jackson, Mississippi 39201, or Margaret.Wilson@medicaid.ms.gov for thirty (30) days from the date of publication of this notice. Comments will be available for public review at the above address and on the Division of Medicaid's website at www.medicaid.ms.gov.

6. A public hearing will be held on Wednesday, October 17, 2018, at 10:00 a.m. at the Woolfolk State Office Building, Room 145, 501 N. West St. Jackson, MS 39201.

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D. Implicit in any definition of allowable costs is that those costs should not exceed what a prudent and cost conscious buyer pays for a given service or item. If costs are determined to exceed the level that a prudent buyer would incur, then excess costs would not be reimbursable under the plan. Such cost is allowable to the extent that it is related to patient care, is necessary and proper, and is not in excess of what would be incurred by a prudent buyer.

E. The costs of implantable programmable baclofen drug pumps used to treat spasticity implanted on an inpatient basis are allowable costs for Medicaid cost report purposes. The cost of the pumps should not be removed from allowable costs on the cost report.

F. The hospital assessment referred to in Section 43-13-145(4), *Mississippi Code of 1972*, will be considered allowable costs on the cost report filed by each hospital, in accordance with the Medicare Provider Reimbursement Manual, 15-1, Section 2122.~~1.~~

G. Legal costs and fees resulting from suits against federal and state agencies administering the Medicaid program are not allowable costs.

H. Notwithstanding any other subparagraph, depreciation and interest expense shall not exceed the limitations set forth in Section 2-9.

I. Inpatient hospital services provided under the Early Periodic Screening Diagnos~~tic~~is and T~~esting~~reatment (EPSDT) program will be reimbursed at the APR-DRG amount.

J. The State has in place a public process which complies with the requirements of Section 1902(a) (13) (A) of the Social Security Act.

services (including GME program costs approved in accordance with Section 4-1.Q. of this plan) by the hospital to ~~residents~~patients who either are eligible for medical assistance under this (or another state's) State Plan, or have no health insurance (or other source of third party coverage) for services provided during the year less any payments made by Medicaid, other than for disproportionate share payments, and less any payments made by uninsured patients. For purposes of this section, payments made to a hospital for services provided to indigent patients made by a State or a unit of local government within a State shall not be considered to be a source of third party payment. For Medicaid DSH payment purposes, Medicaid costs do not include costs associated with services covered by another third-party payer (including Medicare). When Medicaid eligible patients have access to coverage from another party, payments made by the other party may be used as a proxy for cost offsets when calculating the Medicaid payment shortage or overage.

B. The payment to each hospital shall be calculated by applying a uniform percentage required to allocate 100% of the MS DSH allotment to all DSH eligible hospitals for the rate year to the uninsured care cost of each eligible hospital, excluding state-owned institutions for treatment of mental diseases; however, that percentage for a state-owned teaching hospital located in Hinds County shall be multiplied by a factor of two (2).

C. For each state fiscal year from 2015 forward, the state shall use uninsured costs from the hospital data related to the most recently filed and longest cost reporting period ending in the calendar year prior to the beginning of the state fiscal year.

1. Those hospital assessments removed on the facility's cost report in accordance with the Medicare Provider Reimbursement Manual, 15-1, Section 2122, should be identified on the hospital DSH survey for add-back in the computation of the uncompensated care costs for Medicaid DSH payment purposes.

D. The Division of Medicaid shall implement DSH calculation methodologies that result in the maximization of available federal funds.

5-3 Disproportionate Share Payment Period

The DSH payment period is from October 1 through September 30. The determination of a hospital disproportionate share status is made annually for hospitals that meet the DSH requirements as of October 1.~~and is for the period of the rate year (October 1 – September 30).~~ Once the list of disproportionate

from highest to lowest, then to government non-state hospitals in the order of MIUR from highest to lowest, then to private hospitals in the order of MIUR from highest to lowest.

5-6 DSH Allotment Adjustments

If the federal government adjusts the DSH allotment available to Mississippi prior to the month of a scheduled payment within the DSH payment year, this revised Mississippi DSH allotment will be utilized in the next scheduled DSH payment. However, if the federal government revises the Mississippi DSH allotment after June 1 of the DSH payment year, this revised DSH allotment will be incorporated into an additional DSH redistribution, negative or positive, that will be made after the DSH audit for that DSH payment year has been finalized.

If the revised DSH allotment available after June 1 of the DSH payment year is a reduction in the DSH allotment, the net reduction will be used to proportionately decrease DSH payments to all DSH hospitals that received a DSH payment, after DSH payment adjustments have been made to reduce payments down to the individual hospital-specific DSH payment limit as identified in the DSH audit.

If the revised DSH allotment available after June 1 of the DSH payment year is an increase in the DSH allotment, the net increase will be used to proportionately increase DSH payments to all hospitals that received a DSH payment and were found to be paid less than their federal DSH payment limit. The proportionate increase will be based upon the gap between each DSH hospital's audited DSH limit and the DSH payments they received, including the finalized DSH audit redistribution in Section 5-5 above. No hospital will receive an additional DSH redistribution payment that would increase their total DSH payment for that payment year in excess of their audited hospital-specific DSH limit.

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