

PUBLIC NOTICE

June 15, 2026

Pursuant to 42 C.F.R. Section 447.205, public notice is hereby given for the submission of a Medicaid State Plan Amendment (SPA) 26-0011 Inpatient Upper Payment Limit (UPL). 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 July 1, 2026, contingent upon approval from CMS, our Transmittal #26-0011.

1. Mississippi Medicaid State Plan Amendment (SPA) 26-0011 Inpatient Upper Payment Limit (UPL) is being submitted to allow the Division of Medicaid (DOM) to update the inpatient UPL payment allocation to include Long-Term Acute Care/Rehab hospitals, effective July 1, 2026.
2. This SPA is budget neutral.
3. The Division of Medicaid is submitting this proposed SPA to be in compliance with Social Security Act § 1902(a)(30), 42 C.F.R § 447.272, and 42 C.F.R. § 447.201 which requires all policy and methods used in setting payment rates for services be included in the State Plan.
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 601-359-3984 or by emailing at DOMPolicy@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 DOMPolicy@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 on this SPA will not be held.

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3. A calculated Medicare Cost Per Diem shall be calculated by dividing the Total Medicare Costs by the hospital's Total Medicare Patient Days.
 4. The calculated Medicare Cost Per Diem shall be multiplied by the total Medicaid Patient Days from a twelve (12) month data set from the prior two (2) years of the IP UPL demonstration dates in accordance with the IP UPL guidelines set by CMS to derive the hospital's IP UPL. The twelve months of data chosen to be used for the Per Diem calculation will be in accordance with IP UPL guidelines.
 - a. The data source for the Medicaid Patient Days and Total Medicaid Payments shall be from the state's MMIS claims data.
 5. The calculated IP UPL shall be inflated from the midpoint of the hospital's cost report period to the midpoint of the IP UPL demonstration period using the CMS PPS hospital market basket index.
- C. The available gap under the IP UPL for each eligible hospital will be aggregated by the three UPL ownership groups (Private, Non-State Government, State Government). All hospitals will then be split into ~~two~~ three hospital designations for the payment allocation: Small Rural, Long Term Acute Care (LTAC)/Rehabilitation(Rehab) or Other Hospitals. The UPL Gap for each ownership group will be paid as follows:

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| <i>Total Private UPL Gap = Private Small Rural Payment + <u>Private LTAC/Rehab Payment</u> + Private Other Hospitals Payment</i> |
| <i>Total Non-State Govt. UPL Gap = Non-State Govt. Small Rural Payment + <u>Non-State Govt. LTAC/Rehab Payment</u> + Non-State Govt. Other Hospitals Payment</i> |
| <i>Total State Govt. UPL Gap = State Govt. Small Rural Payment + <u>State Govt. LTAC/Rehab Payment</u> + State Govt. Other Hospitals Payment</i> |

1. Small Rural hospitals will be identified as:
 - a. Hospitals having 50 beds or less in a HRSA/HPSA designated area; or
 - b. Hospitals having 50 beds or less in a zip code designated as rural by the Federal Office of Rural Health Policy.
2. LTAC/Rehab hospitals will be identified as:
 - a. Hospitals licensed in Mississippi as an LTAC; or
 - b. Hospitals having 60% or more of their total bed count as Rehab beds as defined on their hospital license.

2.3. Other Hospitals will be identified as any hospital not meeting the Small Rural Hospital in

TN No. 23-002926-0011

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Date Received: 10/02/2023

Date Approved: April 9, 2024

Date Effective:

10/1/202307/01/2026

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1. or the LTAC/Rehab definition in ~~4~~2. above.
4. The Small Rural/LTAC/Rehab/Other Hospital percent splits will be evaluated on the basis of historic utilization at the beginning of each SFY. The utilization of the Small Rural hospitals or the utilization of the LTAC/Rehab hospitals may be increased by up to a factor of ~~2-10~~ to determine the percentage splits. The percentage splits will be published on the Mississippi Division of Medicaid website annually.
- a. <https://medicaid.ms.gov/providers/provider-resources/> After the addition of the LTAC/Rehab class on July 1, 2026, ~~The~~ the percentages allocated to Small Rural, LTAC/Rehab and Other Hospitals will not change by more than 10 percentage points of the total UPL payment calculation from one payment year to the next.
- ~~3.5.~~The available UPL payment amount per the classes established above is distributed to each hospital based on the hospital's percent of historical total patient days from the hospitals' cost report to the historical total patient days for all hospitals within the given class.
- ~~4.6.~~If payments in this section would result in payments to any category of hospitals in excess of the IP UPL calculation required by 42 C.F.R 447.272, payments for each eligible hospital receiving payments under this section will be reduced proportionately to ensure compliance with the IP UPL.
- D. If a hospital which was eligible to participate in this payment program on July 1 of the fiscal year of the payment becomes ineligible to participate in this program for any reason during that fiscal year, the payment will be prorated based on the time the hospital was eligible to participate in the program during that state fiscal year. However, this proration shall not apply if the provider is no longer enrolled as a Medicaid provider on the first day of any applicable payment period.
- E. All payments made to providers pursuant to this UPL program will be included in calculating OBRA limits for purposes of DSH.
- F. Providers who participate in this payment program are prohibited from entering into or participating in any "hold harmless" agreement or arrangement, as prescribed in 42 CFR 433.68 (b) (3) and (f). Breach of this provision may subject a provider to recoupment of all funds received as well as other legal claims and penalties.
- G. In the first quarter of the SFY, the Division of Medicaid shall make estimated payments based on the prior SFY's UPL gap. By the end of the first quarter of the SFY, the division shall calculate each hospital's UPL gap for the current SFY and make payments for the remaining months of the payment year not to exceed the IP UPL calculation required by 42 C.F.R 447.272 for any category of hospital.