

Hospital Provider Fee Oversight and Advisory Board Update for the Medical Services Board

Friday, March 13, 2015

Hospital Provider Fee Oversight and Advisory Board (OAB)

At its October 28, 2014 meeting, the OAB approved the Department's proposed 2014-15 Hospital Provider Fee Model (October 2014 through September 2015). Payment methodologies under the model have been simplified to increase ease of understanding for all stakeholders while continuing to align with the legislation's purposes of increasing hospital reimbursement for Medicaid and uninsured patients and funding quality incentive payments.

The model proposes fees of \$688 million and payments of \$1.2 billion (including \$61 million in quality incentive payments), for a net reimbursement increase for hospital services provided to Medicaid and uninsured patients of \$330 million.

Before the new model can be implemented, the Centers for Medicare and Medicaid Services (CMS) must approve any necessary State Plan Amendments (SPA) and rules must be adopted by the Medical Services Board. The Medical Services Board adopted rules for the new model at its January and February 2015 meetings. CMS is currently reviewing the SPA.

2014-15 Hospital Provider Fee Model Revisions

The Department and some hospitals found errors with data calculations supplied by our contractor, Public Consulting Group (PCG). These errors impacted the approved 2014-15 Hospital Provider Fee Model and required the Department to recalculate the model.

There are no changes in overall fees, payments, or net hospital reimbursement. However, there are payment changes to individual hospitals. The corrected data would have significant impacts on the payments for individual hospitals if no changes were made to the methodology. When unexpected changes to payments have occurred in the past, the OAB has recommended that the Department seek to minimize the impact to hospitals with particular consideration to rural and safety net hospitals and hospital systems. The Department has made revisions to the model in line with these principles.

The OAB's February meeting was postponed until March 17, 2015 while the Department finalized its quality control review of the revised model. The Department will be reviewing the revised model in detail with the OAB at its meeting next week. If the OAB approves the changes and recommends the model, the Department will then be working with CMS to make any necessary revisions to the SPA and to obtain CMS approval.

Changes to the hospital provider fee rules may be required. If so, the Department will present rule changes to the Medical Services Board following federal approval. Until the new model is fully approved, hospitals will continue to pay fees and receive payments at the 2013-14 amounts.

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Hospital Provider Fee Population Expansion Update

In May 2010 the population expansions for Medicaid Parents to 100% of the federal poverty level (FPL) and for Child Health Plan *Plus* (CHP+) to 250% FPL were implemented. In March 2012, the Medicaid Buy-In Program for Working Adults with Disabilities to 450% FPL was implemented, and in July 2012 the Medicaid Buy-In Program for Children with Disabilities to 300% FPL was implemented. In April 2012, Medicaid coverage for Adults without Dependent Children (AwDC) up to 10% FPL with enrollment capped at 10,000 individuals was implemented. Subsequently, in April 2013, the Department increased the AwDC enrollment cap by 3,000 individuals, then by 1,250 additional individuals each month. On January 1, 2014, pursuant to Senate Bill 13-200, coverage for Medicaid Parents and AwDC was increased to 133% FPL and the waitlist for AwDC clients was eliminated. On March 1, 2014, 12-month continuous eligibility for children enrolled in Medicaid was implemented.

The caseload reported as of January 31, 2015 was as follows:

- 84,946 Medicaid Parents,
- 16,258 CHP+ children and pregnant women,
- 3,772 working adults and children with disabilities, and
- 248,423 Adults without Dependent Children.

Please contact Chris Underwood at 303-866-4766 or Nancy Dolson at 303-866-3698 if you have questions regarding this update.