DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 0 2 — 0 4

2. STATE: WV

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: November 1, 2002

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:
42 CFR 440.10

7. FEDERAL BUDGET IMPACT:
a. FFY 2002 $ 26,250,000
b. FFY 2003 $ 26,250,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A
Pages 24, 24a, 24b, 24c

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:

10. SUBJECT OF AMENDMENT:
This amendment will revise inpatient hospital reimbursement methodology to provide quarterly payments from a pool of funds to be directed to acute care prospective payment system (PPS) hospitals and those hospitals providing tertiary and rural safety net services.

11. 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: Bob Wise

12. SIGNATURE OF STATE AGENCY OFFICIAL: Nancy V. Atkins, MSN, RNC, NP

13. TYPED NAME: Nancy V. Atkins, MSN, RNC, NP

14. TITLE: Commissioner

15. DATE SUBMITTED: 10-22-02

16. RETURN TO:
Nancy V. Atkins, MSN, RNC, NP
Commissioner
Bureau for Medical Services
350 Capitol Street, Room 251
Charleston, WV 25301-3706

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 10/23/02

18. DATE APPROVED: ~~11/3/02~~ 1/16/03

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 11/1/02

20. SIGNATURE OF REGIONAL OFFICIAL: Bill Kasunich for CB

21. TYPED NAME: Charlene Brown

22. TITLE: Deputy Director, CMSO

23. REMARKS:

Inpatient Hospital Services

3. Updating of Payment for Transfer Cases: The Bureau will evaluate the need to modify the level of payment for transfer cases on an annual basis using the methodology as described in Sections 11 and 12.

J. Special Payments to Prospective Payment System (PPS) Hospitals

Providing a three year Special Payment plan to enhance payments statewide to all hospitals participating in the West Virginia-PPS.

A. General Criteria for Hospital Participation:

1. Must be a West Virginia licensed inpatient acute care hospital;
2. Must be enrolled as a WV Medicaid provider;
3. Must be a participant in the WV Medicaid's PPS; and,
4. Must be designated as a Rural PPS or Urban PPS hospital by the Bureau. The Bureau will designate a hospital as Rural PPS hospital if the county in which the facility is located in has been classified as a non-metropolitan statistical area by the Bureau of Census of the federal government. A hospital located in Metropolitan Statistical Area (MSA) will be classified as an Urban PPS hospital.

B. Payment Methodology:

1. Payment will be calculated based on each provider's percentage of its Medicaid paid DRG days to its assigned groups' Medicaid paid DRG days times the distribution amount designated to that particular group.

2. Using the payment calculation J.B.1. above, four (4) interim payments will be determined and issued to each provider on a quarterly basis. The quarterly payments issued in year one of the plan will be calculated using the historic Medicaid paid DRG days, excludes Medicare/Medicaid crossover days, for State's Fiscal Year ending (SFY) 2001. Subsequent years' interim payments will likewise use historic data from the preceding SFY data to establish the quarterly interim payment amounts for each following year of the plan.

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3. An annual final settlement for each year of the plan will be determined by the Bureau. The final settlement adjustment amounts will be the calculated difference between the providers' quarterly interim special payments and the providers' final settlement amount. The final settlement amounts for each SFY will be determined using the Bureau's annual claims processed data for the specific year's settlement in the formula described in Section J,B,1.

4. Collection or disbursement of final settlement special payment amounts will be conducted annually. Final settlement adjustment amounts, that is, overpayments and under payments, may be collected or disbursed in accordance with Bureau's current overpayment recovery policy and settlement procedures. However, when practical, collections and disbursement may be offset or added to subsequent quarterly interim special payments.

C. Distribution amounts for State Fiscal Years 2003, 2004 and 2005:

Urban:	$11,000,000
Rural:	$11,000,000

K. Special Payment to Safety Net Hospitals

Provides enhanced payments to qualified Tertiary Safety Net and Rural Safety Net hospitals beginning in SFY 2003. The enhanced payments will be made as described below:

A. General Criteria for Hospital Participation:

1. Must be a West Virginia licensed inpatient acute care hospital;
2. Must be enrolled as a WV Medicaid provider;
3. Must be a participant in the WV Medicaid's PPS;
4. Must be located in a county classified as Rural or Urban by the Bureau. The Bureau will designate a hospital as a Rural PPS hospital if the county in which the facility is located in has been classified as a non-metropolitan statistical area by the Bureau of Census of the federal government. A hospital located in Metropolitan Statistical Area (MSA) will be classified as an Urban PPS hospital.

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B. Specific Criteria for Tertiary Safety Net Providers

In addition to the general criteria above, a Tertiary Safety Net provider must meet one of the following criteria:

1. Provides Level I or Level II Trauma Center services as designated by the WV Department of Health and Human Resources' Office of Emergency Medical Services; or,
2. Provides Neonatal Intensive Care Unit services (NICU) as defined by the WV State Health Plan; or,
3. Provides Pediatric Intensive Care Unit services (PICU) as defined by the WV State Health Plan; or,
4. Hospital must have at least fifty (50) interns and residence in an approved teaching program

C. Specific Criteria for Payment for Rural Safety Net Services:

In addition to the general criteria above, Rural Safety Net providers must meet all of the following criteria:

1. Hospital must be classified as a Rural PPS hospital as defined in Section K,A,4;

2. Hospital must have less than one-hundred fifty (150) general acute care beds; count will excluded psychiatric, nursery, observation, swing, and distinct part unit beds.

D. In the event that a hospital's qualifying status changes during the period and it will no longer meet the criteria for safety net participation, it will be immediately removed from its safety net group. If the provider is removed as a participant, it will be entitled to a final settlement adjustment based on the actual days incurred prior to its disqualification. The group's distribution percentages will be recalculated for the following quarters as appropriate.

E. Payment Methodology for Qualified Tertiary and Rural Safety Net Hospitals:

1. Payment will be calculated based on each provider's percentage of its Medicaid paid DRG days to its assigned groups' Medicaid paid DRG days times the distribution amount designated to that particular group.

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2. Payment will be made on a quarterly basis based on the state fiscal year and estimated amount representing one-fourth of the expected annual amount due. Quarterly interim payments will be distributed based on the provider's percentage of the group's WV Medicaid paid DRG days (as defined above) times the groups' total funds to be distributed for the specified period.

3. Using the payment calculation K.E.1. above, four (4) interim payments will be determined and issued to each provider on a quarterly basis. The quarterly payments issued in year one of the plan will be calculated using the historic Medicaid paid DRG days, excludes Medicare/Medicaid crossover days, for State's Fiscal Year (SFY) ending 2001. Subsequent years' interim payments will likewise use historic data from the preceding SFY data to establish the quarterly interim payment amounts for each following year of the plan.

4. An annual final settlement for each year of the plan will be determined by the Bureau. The final settlement adjustment amounts will be the calculated difference between the providers' quarterly interim special payments and the providers' final settlement amount. The final settlement amounts for each SFY will be determined using the Bureau's annual claims processed data for the specific year's settlement in the formula described in Section K,E,1.

5. Collection or disbursement of final settlement special payment amounts will be conducted annually. Final settlement adjustment amounts, that is, overpayments and under payments, may be collected or disbursed in accordance with Bureau's current overpayment recovery policy and settlement procedures. However, when practical, collections and disbursement may be offset or added to subsequent quarterly interim payments.

F. Distribution Amounts for each State Fiscal Year:

Tertiary SN	$11,000,000
Rural SN	$ 2,000,000