

State of Mississippi
Title XIX Inpatient Hospital Reimbursement Plan

I. Payment Methodology for Rate Years Beginning October 1, 2005

A. Prospective Rate

The Division of Medicaid will set hospital inpatient reimbursement rates prospectively on an annual (October 1 – September 30) basis. For the rate year beginning October 1, 2005, the rate shall be based upon the greater of (1) the facility's most recent inpatient per diem rate for FFY 2005, or (2) the average of the facility's most recent inpatient per diem rates for FFY 2004 and 2005. The resulting base amount will then be increased by the percentage increase of the most recent Inpatient Hospital PPS Market Basket Update as published in the Federal Register. The base rate will not be recalculated for any subsequent changes that occur in the FFY 2004 or 2005 inpatient per diem rates, except for adjustments made to include or exclude the low DSH component, as appropriate, based on changes in low DSH eligibility for per diem rates through September 30, 2009.

A base rate will be established for hospitals that open or change ownership on or after October 1, 2005. ~~The base rate will be set using the hospital's initial cost report and rate setting procedures in place prior to October 1, 2005.~~ A new owner will be reimbursed at the previous owner's rate until the rate is recalculated based on the new owner's initial cost report using rate-setting procedures in place prior to October 1, 2005. A new hospital will be reimbursed the average rate paid a like-sized Mississippi hospital as of the effective date of the Medicaid provider agreement until the rate is recalculated based on the new hospital's initial cost report using rate-setting procedures in place prior to October 1, 2005. The fiscal year 2005 class ceilings will be trended using the percentage increase of the most recent Inpatient Hospital PPS Market Basket Update as published in the Federal Register to establish class ceilings for these rates.

For rate years beginning October 1, 2006, and thereafter, the prospective rate for the immediately preceding rate year will be increased by the percentage increase of the then most recently published Inpatient Hospital PPS Market Basket Update. Facility per diems shall be trended forward in this manner annually until such time as a new methodology is adopted by the Division or for five rate years beginning October 1, 2005, whichever comes first. If no new methodology has been adopted by the end of the fifth rate year of trending, hospital inpatient reimbursement rates will be rebased using the cost reporting methodology employed prior to October 1, 2005, and every five years thereafter.

B. Subsequent Adjustment

The base year payments effective October 1, 2005, will not be adjusted when fiscal year 2004 and fiscal year 2005 rates are amended due to final settlement cost reports. Rates determined under this methodology will be subject to subsequent adjustment only in cases of error or omission, as determined by the Division, affecting the base year(s) or for adjustments made to include or exclude the low DSH component, as appropriate, based on changes in low DSH eligibility.

C. Class of Facilities

The statewide classes of facilities shall be the same as specified in Section VII, Paragraph C of this Attachment 4.19-A.

State of Mississippi
Title XIX Inpatient Hospital Reimbursement Plan

D. Upper Payment Limit

~~In addition to the Medicaid prospective rate described above, hospitals located within Mississippi may be reimbursed in accordance with the applicable regulations regarding the Medicaid upper payment limit, as described in Section VIII of this Attachment 4.19-A.~~

D. Requests for Rate Change

A hospital may appeal its prospective reimbursement rate to the Division of Medicaid whenever there is a significant, documented change in the overall cost of providing services. Requests for changes in the prospective rates will be reviewed when a provider can demonstrate that allowable Medicaid expenses per patient day using the most recently filed cost report have increased by 5% or more as compared to ~~allowable Medicaid expenses per patient day reported in the most recently filed cost report~~; the existing hospital inpatient per diem rate; however, requests which do not result in a rate change of at least 5% more than the current rate will not be granted. The Division of Medicaid will determine Medicaid expenses per day using a Medicaid desk review. The request must be submitted in writing to the Division of Medicaid, clearly identifying the grounds of the appeal and the dollar amount in question. Copies of documenting support for the appeal must be included. Facilities should make every effort possible to ensure that requests which do not meet the criteria are not submitted.

II. Cost Findings and Cost Reporting – For Rate Years Prior to October 1, 2005

- A. Each Mississippi hospital participating in the Mississippi Medicaid Hospital program will submit a Uniform Cost Report using the appropriate Medicare/Medicaid forms postmarked no later than five (5) calendar months after the close of its cost reporting year. No routine extensions will be granted. All other filing requirements shall be the same as those for Title XVIII. Extraordinary circumstances will be considered on a case-by-case basis. One (1) complete copy of the cost report shall be submitted to the Division of Medicaid (DOM). The cost reports for periods ending in the prior calendar year will be used to calculate the per diem rates for the following October 1 – September 30 fiscal year. For example, the cost report of a hospital with a June 30, 1996 year end would be used to set the rate effective October 1, 1997 through September 30, 1998.
- B. The year-end adopted for the purpose of this plan shall be the same as for Title XVIII.
- C. Cost reports used to initiate this plan will be for reporting periods beginning April 1, 1980, or earlier.
- D. All hospitals are required to detail their cost reports for their entire reporting year making appropriate adjustments as required by this plan for determination of allowable costs. New hospitals must adhere to all requirements of Section 25, Provider Policy Manual.

State of Mississippi
Title XIX Inpatient Hospital Reimbursement Plan

transfer; system error in patient classification; and miscalculated payments. Overpayments or underpayments resulting from these errors will be corrected when discovered. Overpayments will be recouped by the Division of Medicaid and underpayments will be reimbursed to the facility. Payment adjustments will not be made for administrative error or audit findings prior to notifying the appropriate facility and affording the facility an opportunity to present facts and evidence to dispute the exception.

2. Corrections by a hospital to a previously submitted cost report for rate years prior to October 1, 2005: Such corrections must be submitted prior to the end of the current rate period. If an increase or decrease in a rate results, any adjustment shall be made retroactive to the effective date of the original rate.
3. Intentional misrepresentation of cost report information: Such adjustment shall be made retroactive to the date of the original rate. At the discretion of the Division of Medicaid, this shall be grounds to suspend the hospital from the Mississippi Medicaid program until such time as an administrative hearing is held, if requested by the hospital.
4. Appeal decisions are made to the Division of Medicaid as provided by Section VI of this plan.
5. Disproportionate Share Hospitals

Refer to Appendix G.

- L. Legal costs and fees resulting from suits against federal and state agencies administering the Medicaid program are not allowable costs.
- M. Notwithstanding any other subparagraph, depreciation and interest expense shall not exceed the limitations set forth in Appendix F.
- N. Inpatient hospital services provided under the Early Periodic Screening Diagnostic and Testing (EPSDT) program will be reimbursed at the hospital's Medicaid prospective rate.
- O. Out-of-state hospitals in contiguous states are reimbursed at the lower of (1) the average rate paid a like-sized hospital in Mississippi or (2) the inpatient rate established by the Medicaid agency of the domicile state. The fiscal agent is responsible for verifying the rate with the Medicaid agency in the domicile state. Verification should be made annually.

Out-of-state hospitals in states other than contiguous states are reimbursed at the average rate paid a like-sized hospital in Mississippi.

Out-of-state hospitals providing services not otherwise available within the state of Mississippi to Mississippi children under the age of twenty-one (21) ~~six (6) years~~ may, ~~within sixty (60) days of the rate letter~~ be paid an amount not to exceed the cost of their services.

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

TN No. 2009-002
Supercedes
TN No. 2005-012

Date Received _____
Date Approved _____
Date Effective 9/21/2009

State of Mississippi
Title XIX Inpatient Hospital Reimbursement Plan

Q. Durational Limit Prohibition

In compliance with Section 6404 of the Omnibus Budget Reconciliation Act of 1990, no durational limit will be imposed for medically necessary inpatient services 1) provided in disproportionate share hospitals to children under the age of 19 years, or 2) provided in any hospital to an individual under the age of 1 year.

TN No. 2009-002
Supercedes
TN No. 2003-01

Date Received _____
Date Approved _____
Date Effective _____

State of Mississippi
Title XIX Inpatient Hospital Reimbursement Plan

Capital Cost Component, the Medicaid Prospective Educational Cost Component, and the Medicaid Prospective Operating Cost Component. Amount allowed by appeals or adjustments will be added to or subtracted from this total. This rate shall be referred to as the Medicaid Prospective Rate.

VIII. Upper Payment Limit

Refer to Appendix H.

IX. Plan Implementation

- A. Payments under this plan will be effective for services rendered July 1, 1981 and thereafter.
- B. The Division of Medicaid will provide an opportunity for interested members of the public to review and comment on the rate methodology before it is implemented. This will be accomplished by publishing in newspapers of widest circulation in each city in Mississippi with a population of 50,000 or more prior to implementing the rate methodology. A period of thirty (30) days will be allowed for comment. The Division of Medicaid will notify the administrator of each hospital of the prospective rate for their hospital.
- C. The Division of Medicaid shall maintain any comments received on the plan, subsequent changes to the plan, or rates for a period of five (5) years from the date of receipt.

X. Application of Sanctions

- A. Sanctions may be imposed by the Division of Medicaid against a provider for any one of the following reasons:
 - 1. Failure to disclose or make available to the Division of Medicaid, or its authorized agent, any records of services provided to Medicaid recipients and records of payment made therefore.

TN No. 2009-002
Supercedes
TN No. 2005-012

Date Received _____
Date Approved _____
Date Effective _____

State of Mississippi
Title XIX Inpatient Hospital Reimbursement Plan

APPENDIX G

Disproportionate Share Hospitals - All hospitals satisfying the minimum federal DSH eligibility requirements (Section 1923(d) of the Social Security Act) shall, subject to OBRA 1993 payment limitations, receive a DSH payment. This DSH payment shall expend the balance of the federal DSH allotment and associated state share not utilized in DSH payments to state-owned institutions for treatment of mental diseases.

A. A hospital will qualify as a disproportionate share hospital if the criteria listed below are met.

- (1) Except as provided in (i) and (ii) below, no hospital may qualify as a disproportionate share hospital for Medicaid unless the hospital has at least two (2) obstetricians who have staff privileges at the hospital and who have agreed to provide obstetric services to individuals who are entitled to Medicaid under an approved State Plan. In the case of a hospital located in a rural area (an area located outside of a Metropolitan Statistical Area, or MSA, as defined by the Executive Office of Management and Budget), the term "obstetrician" includes any physician with staff privileges at the hospital to perform non-emergency obstetric procedures.

Paragraph (1), above, shall not apply to a hospital

- (i) the inpatients of which are predominantly individuals under eighteen (18) years of age; or
- (ii) which did not offer non-emergency obstetric services as of December 22, 1987.

and;

- (2) (a) The hospital's Medicaid inpatient utilization rate must be not less than 1%. For purposes of this paragraph, the term "Medicaid inpatient utilization rate" means, for a hospital, a fraction (expressed as a percentage), the numerator of which is the hospital's number of inpatient days attributable to patients who (for such days) were eligible for medical assistance under an approved Medicaid State Plan in a period, and the denominator of which is the total number of the hospital's inpatient days in that period. In this paragraph, the term "inpatient day" includes each day in which an individual (including a newborn) is an inpatient in the hospital, whether or not the individual is in a specialized ward and whether or not the individual remains in the hospital for lack of suitable placement elsewhere, or
- (b) The hospital's low-income utilization rate exceeds twenty-five percent (25%). For purposes of this paragraph, the term "low-income utilization rate" means, for a hospital, the sum of:

TN No. 2009-002
Supercedes
TN No. NEW

Date Received _____
Date Approved _____
Date Effective _____

State of Mississippi
Title XIX Inpatient Hospital Reimbursement Plan

APPENDIX G – con’t.

- (i) a fraction (expressed as a percentage) the numerator of which is the sum (for a period) of the total revenues paid the hospital for patient services under an approved Medicaid State Plan and the amount of the cash subsidies for patient services received directly from State and local governments, and the denominator of which is the total amount of revenues of the hospital for patient services (including the amount of such cash subsidies) in the period; and
 - (ii) a fraction (expressed as a percentage) the numerator of which is the total amount of the hospital's charge for inpatient hospital services which are attributable to charity care in a period less the portion of any cash subsidies for patient services received directly from State and local governments. The total charges attributable to charity care shall not include contractual allowances and discounts (other than for indigent patients not eligible for medical assistance under an approved Medicaid State Plan); and the denominator of which is the total amount of the hospital's charges for inpatient hospital services in the hospital in the period.
- (3) No hospital may qualify as a disproportionate share hospital under this State Plan unless it is domiciled within the State of Mississippi.
- (4) Any hospital which is deemed eligible for a disproportionate share payment adjustment and is adversely affected by serving infants who have not attained the age of one (1) year and children who have not attained the age of twenty-one (21) ~~six (6)~~ years may, ~~within sixty (60) days of the rate letter,~~ request an outlier payment adjustment to the established rate for those individuals. Adversely affected is defined as exceeding the operating cap of the class of the facility, trended forward as applicable. The outlier adjustment is only for claims filed for Medicaid recipients under twenty-one (21) ~~six (6)~~ years of age and is the difference between the rate subject to the operating cap and the calculation of the rate without applying the operating cap. The provider should submit their request for an adjustment to the rate for these outlier payments prior to the provision of such services. The adjusted rate is subject to the provisions in Section 1. A separate provider number will be assigned to the provider for the related claims payment and these payments will be included for the computation of DSH.

B. Computation of Disproportionate Share Payments

- 1) Disproportionate share payments to hospitals that qualify for disproportionate share may not exceed one hundred percent (100%) of the costs of furnishing hospital services by the hospital to residents who either are eligible for medical assistance under this 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.

TN No. 2009-002
Supersedes
TN No. NEW

Date Received _____
Date Approved _____
Date Effective _____

State of Mississippi
Title XIX Inpatient Hospital Reimbursement Plan

APPENDIX G – con't.

- 2) The payment to each hospital shall be calculated by applying a uniform percentage to the uninsured costs 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).
 - 3) Until July 1, 2011, public hospitals permanently classified in (but not reclassified to) the Gulfport-Biloxi, MS Core-Based Statistical Area (CBSA) for hospital wage index purposes and eligible for Deficit Reduction Act Hurricane Katrina Related Stabilization Grants under Section 6201(a)(4) of the Deficit Reduction Act of 2005 shall qualify for DSH payments as follows: (i) critical access hospitals that were forced to cease operations for more than thirty (30) days as a direct result of Hurricane Katrina shall receive a multiple of two (2) times the DSH amount, and (ii) hospitals with more than four hundred (400) licensed beds and greater than thirty-five percent (35%) of total patient days during 2007 from Medicaid patients shall receive a multiple of one and one-half (1-1/2) times the DSH amount.
 - 4) For state fiscal year 2010, the state shall use uninsured costs from the 2009 hospital survey. For state fiscal year 2011, the state shall use costs from the 2010 hospital survey.
 - 5) The division shall implement DSH calculation methodologies that result in the maximization of available federal funds.
- C. The determination of a hospital disproportionate share status is made annually and is for the period of the rate year (October 1 – September 30). Once the list of disproportionate share hospitals is determined for a rate fiscal year, no additional hospitals will receive disproportionate share status. A hospital will be deleted from disproportionate share status if the hospital fails to continue providing nonemergency obstetric services during the DSH rate year, if the hospital is required to provide such services for DSH eligibility.
- D. The DSH payments shall be paid on or before December 31, March 31, and June 30 of each fiscal year, in increments of one-third (1/3) of the total calculated DSH amounts.
- E. Audit of Disproportionate Share Payments

As required by Section 1923(j) of the Social Security Act related to auditing and reporting of disproportionate share hospital payments, the Division of Medicaid will implement procedures to comply with the Disproportionate Share Hospital Payments final rule issued in the December 19, 2008, Federal Register, with effective date of January 19, 2009, to ensure that the hospital specific DSH limits have not been exceeded.

Any funds recouped as a result of audits or other corrections may be redistributed to other hospitals within the state, provided each hospital remains below their hospital specific DSH limit.

TN No. 2009-002
Supercedes
TN No. NEW

Date Received _____
Date Approved _____
Date Effective _____

State of Mississippi
Title XIX Inpatient Hospital Reimbursement Plan

APPENDIX H

Upper Payment Limit

In addition to the Medicaid prospective rate, hospitals located within Mississippi or a hospital within a county or parish contiguous to the State of Mississippi allowed by Federal legislation to submit intergovernmental transfers (IGTs) to the state of Mississippi and otherwise allowed to participate in the UPL program pursuant to Mississippi law may be reimbursed in accordance with the applicable regulations regarding the Medicaid upper payment limit. For each specified class of hospitals, the amount that Medicare would have paid for the previous year will be calculated and compared to what payments were actually made by Medicaid during that same time period. This calculation may then be used to make payments to hospitals for the current year. The difference between Medicaid payments and what Medicare would have paid, or allowable multiple of that difference, may be paid to hospitals, within each specified class, in accordance with applicable state and federal laws and regulations.

UPL Payments

- A. Privately operated and non-state government operated general acute care hospitals, within the meaning of 42 CFR Section 447.272, that have fifty (50) or fewer licensed beds as of January 1, 2009, shall receive a supplemental inpatient UPL payment equal to sixty-five percent (65%) of their fiscal year 2010 hospital specific inpatient UPL gap, before any payments under this subsection.
- B. General acute care hospitals licensed within the class of state hospitals shall receive a supplemental inpatient UPL payment equal to twenty-eight percent (28%) of their fiscal year 2007 inpatient payments, excluding DSH and UPL payments.
- C. General acute care hospitals licensed within the class of non-state government hospitals shall receive:
 - (1) For fiscal year 2010, a supplemental inpatient UPL payment equal to fifty-six percent (56%) of their fiscal year 2007 inpatient payments, excluding DSH and UPL payments, and
 - (2) For state fiscal year 2011 and after, a supplemental inpatient UPL payment determined by multiplying inpatient payments, excluding DSH and UPL, by the uniform percentage necessary to exhaust the maximum amount of inpatient UPL payments permissible under federal regulations. (For state fiscal year 2011, the state shall use 2008 inpatient payment data. For state fiscal year 2012, the state shall use 2009 inpatient payment data.)
 - (3) Free-standing psychiatric hospitals shall receive an additional inpatient UPL payment equal to Seven Hundred Sixty Dollars (\$760.00) for fiscal years 2010 and 2011, and Seven Hundred Eighty Dollars (\$780.00), for fiscal year 2012 and thereafter, less the hospital's fiscal year 2007 average Medicaid inpatient per diem rate, multiplied by the hospital's fiscal year 2007 Medicaid inpatient days. Residential treatment days and payments shall be excluded from this calculation. The base rate for private free-standing psychiatric hospitals shall be that in use January 1, 2009, which shall not be revised or recalculated so long as the hospital assessment is in effect.

TN No. 2009-002
Supercedes
TN No. NEW

Date Received _____
Date Approved _____
Date Effective _____

State of Mississippi
Title XIX Inpatient Hospital Reimbursement Plan

APPENDIX H – con't.

- D. In addition to other payments provided above, all hospitals licensed within the class of private hospitals, other than free-standing psychiatric hospitals, shall receive:
- 1) For fiscal year 2010, an additional inpatient UPL payment equal to forty-nine and forty-five one-hundredths percent (49.45%) of their fiscal year 2007 inpatient payments, excluding DSH and UPL payments, and
 - 2) For state fiscal year 2011 and after, an additional inpatient UPL payment determined by multiplying inpatient payments, excluding DSH and UPL, by the uniform percentage necessary to exhaust the maximum amount of UPL inpatient payments permissible under federal regulations. (For state fiscal year 2011, the state shall use 2008 inpatient payment data. For state fiscal year 2012, the state shall use 2009 inpatient payment data.)
- E. The division shall implement UPL calculation methodologies that result in the maximization of available federal funds.
- F. The UPL payments shall be paid on or before December 31, March 31, and June 30 of each fiscal year, in increments of one-third (1/3) of the total calculated UPL amounts.

TN No. 2009-002
Supercedes
TN No. NEW

Date Received _____
Date Approved _____
Date Effective _____

Economic Impact Statement:

(a) **Description of the need for and the benefits which will likely accrue as the result of the proposed action:** Improved services for beneficiaries under 21.

(b) **Estimate of the cost to the agency, and to any other state or local government entities, of implementing and enforcing the proposed action, including the estimated amount of paperwork, and any anticipated effect on state or local revenues:**

FFY-10	State Share	\$1,125,694
--------	-------------	-------------

FFY-11	State Share	\$1,567,114
--------	-------------	-------------

(c) **An estimate of the cost or economic benefit to all persons directly affected by the proposed action:**

FFY-10	State Share	\$1,125,694
	Federal Share	\$6,017,033

FFY-11	State Share	\$1,567,114
	Federal Share	\$5,575,613

(d) **Impact on small business:** N/A

(e) **A comparison of the costs and benefits of the proposed rule to the probable costs and benefits of not adopting the proposed rule or significantly amending an existing rule:** N/A

(f) **A determination of whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rule where reasonable alternative methods exist which are not precluded by law:** N/A

(g) **A description of reasonable alternative methods, where applicable, for achieving the purpose of the proposed action which were considered by the agency and a statement of reasons for rejecting those alternatives in favor of the proposed rule:** N/A

(h) **Detailed statement of the data and methodology using in making estimates:** See Attached.