



Financial Management Group

AUG 31 2017

Ms. Lynette Rhodes
Acting Director of Medicaid Assistance Plans
Medicaid Division
Georgia Department of Community Health
Medicaid Division
2 Peachtree Street, NW, 36th floor
Atlanta, GA 30303-3159

RE: Georgia State Plan Amendment 17-0006

Dear Ms. Rhodes:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number 17-0006. Effective July 1, 2017, this amendment proposes to continue the hospital provider fee program which was scheduled to expire June 30, 2017. This provider fee program is for inpatient and outpatient hospital services provided between July 1, 2017 and June 30, 2020.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We have found that the proposed reimbursement methodology complies with applicable requirements and therefore have approved them with an effective date of July 1, 2017. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Anna Dubois at (850) 878-0916.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kristin Fan", is positioned above the printed name.

Kristin Fan
Director

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
17-006

2. STATE
GEORGIA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE AND MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2017

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN X AMENDMENT
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
42 C.F.R. § 447.205

7. FEDERAL BUDGET IMPACT:
FFY 2017 \$52,766,465
FFY 2018 \$212,962,311

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A Page 7 and Attachment 4.19-B Page 8.6

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Attachment 4.19-A Page 7 and Attachment 4.19-B Page 8.6

10. SUBJECT OF AMENDMENT:

To change the expiration date of the Hospital Provider Fee and its associated rate increase from June 30, 2017 to June 30, 2020 per Georgia SB 70.

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45-DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: LINDA WIAN

14. TITLE: CHIEF, DIVISION OF MEDICAID

15. DATE SUBMITTED:

16. RETURN TO:

Department of Community Health
Division of Medicaid
2 Peachtree Street, NW, 36th Floor
Atlanta, Georgia 30303-3159

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: AUG 31 2017

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
JUL 01 2017

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Kristin FAN

22. TITLE: Director, FMG

23. REMARKS:

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - INPATIENT SERVICES

The peer group base rate is obtained using cost report data and by calculating the average operating cost standardized for case mix of Inlier DRG cases across all cases in a peer group, with an adjustment factor applied to maintain budget neutrality. Effective for admissions on or after July 1, 2015 the base rate calculation, including the case mix standardization and budget neutrality adjustment, will incorporate hospital capital costs that were previously included in a separate capital add-on payment. If a hospital is assigned to the statewide or pediatric peer group, the peer group base rate becomes the hospital-specific base rate. If a hospital is assigned to the specialty peer group the hospital specific base rate is assigned.

For admissions on and after January 1, 2008:

If a hospital is assigned to the specialty peer group and has a sufficient claim volume, the hospital-specific base rate will be the hospital's base rate. If a hospital is assigned to the specialty peer group and does not have a sufficient claim volume, the peer group base rate becomes the hospital-specific base rate. For each case paid within the DRG methodology, the hospital specific base rate will be multiplied by the appropriate DRG relative weight to calculate a payment.

For admissions on and after January 1, 2008:

If a hospital is assigned to the specialty peer group and has a sufficient claim volume, the hospital-specific base rate will be the hospital's base rate. If a hospital is assigned to the specialty peer group and does not have a sufficient claim volume, the peer group base rate becomes the hospital-specific base rate. For each case paid within the DRG methodology, the hospital specific base rate will be multiplied by the appropriate DRG relative weight to calculate a payment.

For admissions on or after July 1, 2013 through June 30, 2020:

Effective July 1, 2013, an adjustment to hospital inpatient base rates, capital add-on and GME add-on rates will be added to hospitals' inpatient rates. Critical Access Hospitals (CAHs), Psychiatric Hospitals and State-Owned / State-Operated Hospitals are exempt from the provider fee and the rate adjustment. Trauma hospitals will participate in the provider fee but at a lower percentage than other participating hospitals. The table below shows the provider fee and associated rate increase for different classes of hospitals.

Effective on or after July 1, 2015 an adjustment to the Graduate Medical Education (GME) Supplemental Payments (see Section D1) will be made for participating GME hospitals that are not exempt from the provider fee and rate adjustment and as detailed in the table below.

POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES FOR OTHER
TYPES OF CARE OR SERVICE

Effective for dates of service on and after July 1, 2013, through June 30, 2020, the payment method is modified as follows:

- a. For enrolled hospitals other than those identified in items band c below, the reimbursement rate is 95.77% of costs.
- b. For out-of-state enrolled hospitals, payments are made at the statewide average percentage of charges paid to Georgia hospitals that are reimbursed at 85.6% of costs and are not subject to cost settlement. The payment rate for out-of-state enrolled hospitals will not exceed 65% of covered charges.
- c. For hospitals that are designated as a Critical Access Hospital, a historically minority-owned hospital, or as a state-owned hospital, the reimbursement rate continues at 100% of costs.

Example settlement calculation for critical access, historically minority owned hospital, or state-owned hospitals:

Percentage of charges paid on interim basis	60%
Charges for services provided during cost report period	\$1,000,000
Interim payments	\$600,000
Retrospective determination of allowable costs*	\$585,000
% of allowable costs reimbursed	100%
Retrospective determination of reimbursable costs	\$585,000
Settlement amount due from hospital	\$15,000

Example settlement calculation for all other enrolled Georgia hospitals:

Percentage of charges paid on interim basis	52%
Charges for services provided during cost report period	\$1,000,000
Interim payments	\$520,000
Retrospective determination of allowable costs*	\$585,000
% of allowable costs reimbursed	95.77%
Retrospective determination of reimbursable costs	\$560,250
Settlement amount due to hospital	\$40,250

* amount would not exceed charges for services

14. Governmental facilities and Critical Access eligible hospitals which meet departmental requirements will be eligible for rate payment adjustments. The rate adjustment payments are intended to provide supplemental funding for Medicaid services to these facilities that based on their governmental status,