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OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES

**Notice of Significant Changes in Medicaid Methods and Standards  
for Setting Payment Rates for Services**

In accordance with the public notice requirements of 42 CFR 447.205 and Section 1902(a)(13)(A) of the Social Security Act, the Indiana Family and Social Services Administration (FSSA), the Office of Medicaid Policy and Planning (Office) publishes this notice of significant changes in the Medicaid reimbursement methodology for acute care hospitals.

Pursuant to Public Law 218-2007 (HEA 1678), for the state fiscal years beginning after June 30, 2006, the Office shall change the payment methodology of the Medicaid safety-net (DSH) payments for hospitals qualifying for payments pursuant to [IC 12-15-18-2.1](#). The new payment methodology will remove the 1/3, 2/3, and 100% eligibility categories and will make Medicaid safety-net payments to hospitals eligible for DSH payments under this section in order to best utilize federal matching funds available and shall utilize a payment methodology that allocates available funding under the Medicaid safety-net payments, Medicaid DSH payments, and all Medicaid supplemental payments to take into account the situation of eligible hospitals that have historically qualified for Medicaid disproportionate share payments and to ensure that payments for eligible hospitals are equitable.

The purpose of this change is to provide for an equitable distribution of Medicaid supplemental and Medicaid disproportionate share payments among eligible hospitals. The proposed amendments are not expected to increase or decrease aggregate payments to hospitals, with payments made to these facilities on an annual basis. The payment adjustment is subject to the approval of the Centers for Medicare and Medicaid Services, with a proposed effective date of the day after publication of this notice.

There will be no public hearing.

Copies of the proposed state plan amendments are available and may be inspected by contacting the Director of the local County Division of Family and Children office, except in Marion County, where public inspection may be made at 402 West Washington Street, Room W382, Indianapolis, Indiana.

Written comments concerning these amendments may be addressed to Pat Nolting, Indiana Family and Social Services Administration, Office of Medicaid Policy and Planning, Room W382, MS-07, Indianapolis, Indiana 46204-2739. Written comments received will be available for public inspection.

E. Mitchell Roob  
Secretary  
Office of the Secretary of Family and Social Services

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