
OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES

**Notice of Proposed Changes in Methods and Standards
for Medicaid Payment for Institutional Providers**
LSA Document #09-202

In accordance with 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, Office of Medicaid Policy and Planning (OMPP) publishes this notice of proposed changes to methods and standards governing reimbursement policy for Medicaid-enrolled inpatient hospitals.

OMPP proposes to modify inpatient hospital reimbursement under the Medicaid state plan and state regulations at [405 IAC 1-10.5](#) (inpatient hospital) to prevent inpatient hospital discharges containing specified hospital-acquired conditions not present on admission from assignment to a higher paying DRG. This change is expected to result in an estimated total annual state savings of approximately \$21,000 (the federal share is approximately \$39,000).

This change in reimbursement is necessary to implement a policy to ensure that members receive safe, high quality, and efficient care from Indiana hospitals and that higher inpatient hospital reimbursement is not made for hospital-acquired conditions that could reasonably have been prevented through the application of evidenced-based guidelines. On August 19, 2008, CMS published a final rule in the Federal Register at 73 FR 48471 instituting a similar policy for Medicare reimbursement for hospital-acquired conditions. On July 31, 2008, CMS issued a letter to state Medicaid directors encouraging states to implement hospital-acquired conditions policies that align with Medicare.

A copy of this notice is now on file at the Indiana Government Center South, 402 West Washington Street, Room W451 and open for public inspection. Also, a copy of this notice is now available and may be inspected by contacting 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 W374, Indianapolis, Indiana. Written comments may be directed to IFSSA, Office of Medicaid Policy and Planning, Attention: Pat Nolting, 402 West Washington Street, Room W374, P.O. Box 7083, Indianapolis, Indiana 46207-7083. Correspondence should be identified in the following manner: "COMMENT RE: HOSPITAL ACQUIRED CONDITIONS". Written comments received will be made available for public display at the address herein of the Office of Medicaid Policy and Planning. A notice of public hearing related to this rule will be published in the Indiana Register, the Family and Social Services website, and the Indianapolis Star not later than 21 days prior to the public hearing.

Anne W. Murphy
Secretary
Family and Social Services Administration

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