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OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES

**Notice of Changes in Methods and Standards for Medicaid  
Payments for Hospitals**

In accordance with public notice requirements of 42 CFR 447.205, the Indiana Family and Social Services Administration, Office of Medicaid Policy and Planning publishes this notice of proposed changes to the reimbursement methodology for Medicaid services provided by enrolled hospitals.

The Office of Medicaid Policy and Planning (OMPP) proposes to modify hospital reimbursement formulas by reducing rates currently paid to all hospitals under the Medicaid state plan and state regulations at [405 IAC 1-8](#) (hospital outpatient services, excluding ambulatory surgical center reimbursement) and [405 IAC 1-10.5](#) (inpatient hospital services) by 5%. This reduction shall be effective January 1, 2010. The reduction shall remain in effect through the end of that state fiscal year 2011, June 30, 2011. Beginning July 1, 2011, rates shall return to the level that was in effect prior to the 5% reduction.

This change in reimbursement is necessary in order to avoid a budgetary shortfall and to remain within the available Medicaid appropriation. It is estimated that the fiscal impact of these changes will be a savings in expenditures of \$5 million state and \$18.9 million federal for a total of approximately \$23.9 million in state fiscal year (SFY) 2010, and \$15 million state and \$44.5 million federal for a total of approximately \$59.5 million in state fiscal year (SFY) 2011.

These changes will be adopted in an emergency rule. 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: MEDICAID RATE REDUCTION". Written comments received will be made available for public display at the address herein of the Office of Medicaid Policy and Planning.

Anne Waltermann Murphy  
Secretary  
Family and Social Services Administration

*Posted: 11/18/2009 by Legislative Services Agency*  
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