
OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES

**Notice of Changes in Methods and Standards for Medicaid
Payments for Inpatient Hospital Services**

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 (FSSA), Office of Medicaid Policy and Planning (OMPP) publishes this notice of proposed changes to the reimbursement methodology for Medicaid services provided by enrolled hospitals.

Beginning on May 1, 2011, the OMPP shall change the payment methodology for inpatient hospital services to make supplemental payments to in-state hospitals that have a disproportionate number of inpatient hospital stays that qualify for outlier payments. Outlier payments are made for Medicaid stays whose cost exceeds a predetermined threshold, defined as the greater of twice the DRG rate or a fixed dollar amount established by the office (currently \$34,425). To be eligible for the supplemental payments, a hospital must provide more than 15% of the state's Medicaid fee-for-service inpatient stays that qualify for outlier payment. Each hospital's share of outlier stays will be calculated annually, based on paid fee-for-service claims from the most recently completed state fiscal year. The supplemental payments will be the difference between Medicaid reimbursement for fee-for-service inpatient claims qualifying for outlier payment and the costs of providing such services. In the event there are insufficient state matching funds to pay each eligible hospital the amounts calculated, the amount paid to each hospital will be reduced proportionate to the amount of the deficiency of funds. The OMPP estimates an annual increase in federal expenditures of approximately \$20.3M, and no impact on state expenditures, due to the change in methodology.

The purpose of this change in methodology is to provide a supplemental payment to in-state hospitals that have a disproportionate number of inpatient hospital stays that qualify for outlier payments. The payment adjustment is subject to the approval of the Centers for Medicare and Medicaid Services, with a proposed effective date of May 1, 2011.

A copy of this notice is now on file at the Indiana Government Center South, 402 West Washington Street, Room W451, Indianapolis, Indiana 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 Resources office, except in Marion County, where public inspection may be made at 402 West Washington Street, Room W374, Indianapolis, IN.

The proposed changes and proposed methodology are available on the Internet at:
<http://in.mslc.com>

Interested parties without Internet access should contact Myers and Stauffer, LC at (800) 877-6927 to obtain copies of the proposed changes and proposed rates.

There will be no public hearing. Anyone who wishes to comment on the proposed changes may submit written comments to: FSSA, Office of Medicaid Policy and Planning, Attention: Kristine Ellerbruch, 402 West Washington Street, Room W374, MS-07, Indianapolis, IN 46204. Correspondence should be identified in the following manner: COMMENT RE: INPATIENT REIMBURSEMENT CHANGES. Written comments received will be made available for public display at the address herein of the OMPP.

Michael A. Gargano
Secretary
Family and Social Services Administration

Posted: 03/30/2011 by Legislative Services Agency
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