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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 established at 42 CFR 447.205, 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 hospitals. OMPP proposes to modify the payment methodologies for upper payment limit (UPL) and Medicaid disproportionate share hospital (DSH) payments made to qualifying hospitals.

Any hospital UPL remaining after the claim-level reimbursement increase announced in the public notice published at DIN: [20110803-IR-405110439ONA](#) will be allocated proportionally to eligible hospitals (those licensed under [IC 16-21](#), excluding freestanding rehabilitation and long-term acute care hospitals).

The DSH payment methodology will be revised to establish payments for municipal hospitals, DSH hospitals licensed under 16-21 located in Lake County, and other DSH eligible hospitals. DSH payments will be allocated based on each hospital's hospital specific limit (HSL). The revised methodology will also remove the current provision that bases the maximum amount a hospital is eligible to receive on the number of consecutive periods of DSH eligibility.

These changes will take effect for state fiscal years beginning July 1, 2011, and will remain in effect through June 30, 2013. These changes will be implemented following approval of an amendment of the Medicaid state plan by the Centers for Medicare and Medicaid Services.

There is no estimated increase or decrease in state and federal expenditures for reimbursement to hospitals for state fiscal year 2012 or state fiscal year 2013 due to these changes in methodologies. The proposed methodologies will reallocate the DSH and UPL supplemental payments that hospitals currently receive, taking into account the revised payment methodology that will increase reimbursement for hospital services at the claim level (announced in public notice published at DIN: [20110803-IR-405110439ONA](#)).

OMPP is making this change to comply with Public Law 229-2011, SECTION 281, which authorizes these changes.

Copies of this notice are 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 W382, Indianapolis, Indiana.

Copies of the proposed payment methodology are available on the internet at:  
<http://in.mslc.com>

There will be no public hearing. Anyone who wishes to comment on the proposed changes may submit written comments to: IFSSA, Office of Medicaid Policy and Planning, Attention: Kristine Ellerbruch, 402 W. Washington St., Room W382, P.O. Box 7083, Indianapolis, IN 46207-7083. Correspondence should be identified in the following manner: "COMMENT RE: CHANGES TO HOSPITAL UPL AND DSH PAYMENTS". All written comments concerning this change received by OMPP will be available for public inspection at the OMPP, 402 West Washington Street, Room W382, Indianapolis, Indiana.

Michael A. Gargano  
Secretary  
Family and Social Services Administration

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