
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 payments for inpatient hospital services.

The OMPP proposes to continue the five percent (5%) reduction that is currently set to expire on June 30, 2013, for rates paid for inpatient hospital services, under the Medicaid state plan and state regulations, at [405 IAC 1-10.5](#), as amended by LSA Document #11-381(E), posted at [20110629-IR-405110381ERA](#). This five percent (5%) reduction will remain in effect until December 31, 2013. Beginning January 1, 2014, through June 30, 2015, the OMPP proposes to reduce rates paid for inpatient hospital services by three percent (3%).

The OMPP also proposes to modify reimbursement formulas for reimbursement to out-of-state hospitals. Hospital-specific cost-to-charge ratios will be computed for out-of-state hospitals that submit cost reports to the office, and medical education rates for out-of-state hospitals may not exceed the highest medical education rate for in-state hospitals. These changes are being made to more equitably reimburse out-of-state hospitals.

The reduction in reimbursement is necessary in order to remain within the available Medicaid appropriation. It is estimated that the fiscal impact of these changes will be annual savings of state and federal expenditures of approximately \$20.1 million for FFY 2014 (federal share of \$13.5 million and state share of \$6.6 million) and \$14.1 million for FFY 2015 (federal share of \$9.4 million and state share of \$4.7 million).

A copy of this notice is now on file at the Indiana Government Center South, 402 West Washington Street, Room W451, Indianapolis, Indiana and is open for public inspection. Also, a copy of this notice is now available and may be inspected by contacting the local county office of the division of family resources, except in Marion County, where public inspection may be made at the Indiana Government Center South, 402 West Washington Street, Room W374, Indianapolis, Indiana.

There will be no public hearing. Written comments may be directed to FSSA, Office of Medicaid Policy and Planning, Attention: Yvonne Burke, 402 West Washington Street, Room W374, MS07, Indianapolis, IN 46207-7083. Correspondence should be identified in the following manner: COMMENT RE: INPATIENT HOSPITAL REIMBURSEMENT CHANGES. Written comments will be made available for public inspection at the address herein of the OMPP.

Debra F. Minott
Secretary
Family and Social Services Administration

Posted: 05/29/2013 by Legislative Services Agency
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