

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Financial Management Group

NOV 08 2016

Ms. Cynthia Beane, MSW, LCSW, Acting Commissioner
Bureau for Medical Services
WV Department of Health and Human Resources
350 Capitol Street, Room 251
Charleston, WV 25301-3706

RE: State Plan Amendment (SPA) 16-0006

Dear Ms. Beane:

We have completed our review of State Plan Amendment (SPA) 16-0006. This amendment modifies the State's methods and standards for setting payment rates for inpatient hospital services. Specifically, this amendment continues certain special payments provided to prospective payment hospitals and to safety net hospitals.

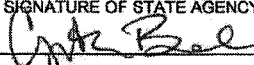
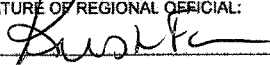
We conducted our review of this amendment according to the statutory requirements at sections 1902(a)(3), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving Medicaid State plan amendment 16-0006 with an effective date of July 1, 2016. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Gary Knight at (304) 347-5723.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristin Fan", is written over a horizontal line.

Kristin Fan
Director

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| <p align="center">TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</p> <p align="center">FOR: HEALTH CARE FINANCING ADMINISTRATION</p> | | 1. TRANSMITTAL NUMBER: 1 6 - 0 0 6 | 2. STATE: West Virginia |
| | | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) | |
| TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES | | 4. PROPOSED EFFECTIVE DATE July 1, 2016 | |
| 5. TYPE OF PLAN MATERIAL (Check One) <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT | | | |
| COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment) | | | |
| 6. FEDERAL STATUTE/REGULATION CITATION: 42 C.F.R. 440.10 | | 7. FEDERAL BUDGET IMPACT: a. FFY 2016 \$ 0 b. \$ | |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, page 24 | | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable). Attachment 4.19-A, page 24 | |
| 10. SUBJECT OF AMENDMENT: Special Hospital Payments, Data Source | | | |
| 11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL | | | |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:  | | 16. RETURN TO: Bureau for Medical Services 350 Capitol Street Room 251 Charleston West Virginia 25301 | |
| 13. TYPED NAME: Cynthia Beane | | | |
| 14. TITLE: Acting Commissioner | | | |
| 15. DATE SUBMITTED: 27-Sep-16 | | | |
| FOR REGIONAL OFFICE USE ONLY | | | |
| 17. DATE RECEIVED | | 18. DATE APPROVED NOV 08 2016 | |
| PLAN APPROVED - ONE COPY ATTACHED | | | |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2016 | | 20. SIGNATURE OF REGIONAL OFFICIAL:  | |
| 21. TYPED NAME: Kristin Fav | | 22. TITLE: Director, FMCo | |
| 23. REMARKS: | | | |

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West Virginia

Attachment 4.19-A

Page 24

SPECIAL PAYMENTS TO PROSPECTIVE PAYMENT SYSTEM (PPS) HOSPITALS

4.19 Payments for Remedial Care and Services

Inpatient Hospital Services

Updating of Payment for Transfer Cases: The Bureau will evaluate the need to modify the level of payment for transfer cases on an annual basis using the methodology as described in Sections 11 and 12.

J. Special payments to prospective payment system (PPS) Hospitals

Providing a Special Payment plan to enhance payments statewide to all hospitals participating in the West Virginia-PPS.

A. General Criteria for Hospital Participation:

1. Must be a West Virginia licensed inpatient acute care hospital;
2. Must be enrolled as a WV Medicaid provider;
3. Must be a participant in the WV Medicaid's PPS; and,
4. Must be designated as a Rural PPS or Urban PPS hospital by the Bureau. Designation will be pursuant to the Core Based Statistical Area (CBSA) classification as an Urban PPS hospital. The Bureau will designate a hospital as a Urban PPS hospital based on the CBSA's Metropolitan Core Based Statistical Area (MCBSA) classification. Hospitals outside the MCBSA classification will be designated rural hospitals. The State's MCBSAs will be updated at the beginning of the State Fiscal Year (SFY) following the U.S. Census Bureau's reconfiguration approval date.

B. Payment Methodology:

1. Payment will be calculated based on each provider's percentage of its Medicaid paid DRG days to its assigned groups. Medicaid paid DRG days times the distribution amount designated to that particular group.
2. Using the payment calculation J.B.1. above, interim payments will be determined and issued to each provider on an interim basis. Interim payments will be calculated using the historic Medicaid paid DRG days and exclude Medicare/Medicaid crossover days, for each providers' paid days count and each pools' total paid days count. Subsequent years' interim payments will likewise use the most recent available data from West Virginia Medicaid's Data Warehouse Information System to establish the interim payment amounts for each following year.

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| TN No: | 16-006 | Approval Date: | NOV 08 2016 | Effective Date: | 07-01-2016 |
| Supersedes: | 15-008 | | | | |