

**Title 13—DEPARTMENT OF SOCIAL SERVICES  
Division 70—MO HealthNet Division  
Chapter 15—Hospital Program**

**PROPOSED AMENDMENT**

**13 CSR 70-15.010 Inpatient Hospital Services Reimbursement Plan; Outpatient Hospital Services Reimbursement Methodology.** The division is amending section (3)(B) and section (7).

*PURPOSE: This amendment provides for the State Fiscal Year (SFY) 2017 trend factor to be applied in determining Federal Reimbursement Allowance (FRA) funded hospital payments for SFY 2017. This amendment also provides for the change in Children's Outliers reimbursement effective May 1, 2017.*

(3) Per Diem Reimbursement Rate Computation. Each hospital shall receive a MO HealthNet per diem rate based on the following computation:

(B) Trend Indices (TI). Trend indices are determined based on the four- (4-) quarter average DRI Index for DRI-Type Hospital Market Basket as published in Health Care Costs by DRI/McGraw-Hill for each State Fiscal Year (SFY) 1995 to 1998. Trend indices starting in SFY 1999 will be determined based on CPI Hospital indexed as published in Health Care Costs by DRI/McGraw-Hill, or equivalent publication regardless of any changes in the name of the publication or publisher, for each State Fiscal Year (SFY). Trend indices starting in SFY 2016 will be determined based on the Hospital Market Basket index as published in Healthcare Cost Review by Institute of Health Systems (IHS), or equivalent publication regardless of any changes in the name of the publication or publisher, for each State Fiscal Year (SFY).

1. The TI are—

- A. SFY 1994—4.6%
- B. SFY 1995—4.45%
- C. SFY 1996—4.575%
- D. SFY 1997—4.05%
- E. SFY 1998—3.1%
- F. SFY 1999—3.8%
- G. SFY 2000—4.0%
- H. SFY 2001—4.6%
- I. SFY 2002—4.8%
- J. SFY 2003—5.0%
- K. SFY 2004—6.2%
- L. SFY 2005—6.7%
- M. SFY 2006—5.7%
- N. SFY 2007—5.9%
- O. SFY 2008—5.5%
- P. SFY 2009—5.5%
- Q. SFY 2010—3.9%

R. SFY 2011—3.2%—The 3.2% trend shall not be applied in determining the per diem rate, Direct Medicaid payments, or uninsured payments.

- S. SFY 2012—4.0%
- T. SFY 2013—4.4%
- U. SFY 2014—3.7%
- V. SFY 2015—4.3%
- W. SFY 2016—2.5%
- X. SFY 2017—2.7%**

2. The TI for SFY 1996 through SFY 1998 are applied as a full percentage to the OC of the per diem rate and for SFY 1999 the OC of the June 30, 1998, rate shall be trended by 1.2% and for SFY 2000 the OC of the June 30, 1999, rate shall be trended by 2.4%. The OC of the June 30, 2000, rate shall be trended by 1.95% for SFY 2001.

3. The per diem rate shall be reduced as necessary to avoid any negative Direct Medicaid payments computed in accordance with subsection (15)(B).

4. A facility previously enrolled for participation in the MO HealthNet Program, which either voluntarily or involuntarily terminates its participation in the MO HealthNet Program and which reenters the MO HealthNet Program, will receive the same inpatient rate and outpatient rate as the previous owner/operator. Such facility will also receive the same Direct Medicaid Add-On Payment and Uninsured Add-On Payment as the previous owner/operator if the facility reenters the MO HealthNet Program during the same state fiscal year. If the facility does not reenter during the same state fiscal year, the Direct Medicaid Add-On Payment and Uninsured Add-On Payment will be determined based on the applicable base year data (i.e., fourth prior year cost report for the Direct Medicaid Payment; see 13 CSR 70-15.220 for the applicable data for the Uninsured Add-On Payment). If the facility does not have the applicable base year data, the Direct Medicaid Add-On Payment and the Uninsured Add-On Payment will be based on the most recent audited data available and will include annual trend factor adjustments from the year subsequent to the cost report period through the state fiscal year for which the payments are being determined.

(7) Outlier Adjustment for Children Under the Age of Six (6).

(A) Effective for admissions beginning on or after July 1, 1991, outlier adjustments for medically necessary inpatient services involving exceptionally high cost or exceptionally long lengths of stay for MO HealthNet-eligible children under the age of six (6) will be made to hospitals meeting the disproportionate share requirements in subsection (6)(A) and, for MO HealthNet-eligible infants under the age of one (1), will be made to any other MO HealthNet hospital except for specialty pediatric hospitals.

1. The following criteria must be met for the services to be eligible for outlier review:

A. The patient must be a MO HealthNet-eligible infant under the age of one (1) year, or for disproportionate share hospitals a MO HealthNet-eligible child under the age of six (6) years, for all dates of service presented for review;

B. Hospitals requesting outlier review for children one (1) year of age to children under six (6) years of age must have qualified for disproportionate share status under section (6) of this plan for the state fiscal year corresponding with the fiscal year end of the cost report referred to in paragraph (7)(A)5.; and

C. One (1) of the following conditions must be satisfied:

(I) The total reimbursable charges for dates of service as described in paragraph (7)(A)3. must be at least one hundred fifty percent (150%) of the sum of total third-party liabilities and MO HealthNet inpatient claim payments for that claim; or

- (II) The dates of service must exceed sixty (60) days and less than seventy-five percent (75%) of the total service days was reimbursed by MO HealthNet.
2. Claims for all dates of service eligible for outlier review must—
    - A. Have been submitted to the MO HealthNet Division fiscal agent or the managed care health plan in their entirety for routine claims processing, and claim payment must have been made before the claims are submitted to the division for outlier review; and
    - B. Be submitted for outlier review with all documentation as required by the MO HealthNet Division no later than ninety (90) days from the last payment made by the fiscal agent or the managed care health plan through the normal claims processing system for those dates of service.
  3. Information for outlier reimbursement processing will be determined from claim charges and MO HealthNet payment data, submitted to the MO HealthNet Division fiscal agent or managed care health plan, by the hospital through normal claim submission. If the claim information is determined to be incomplete as submitted, the hospital may be asked to provide claim data directly to the MO HealthNet Division for outlier review.
  4. The claims may be reviewed for—
    - A. Medical necessity at an inpatient hospital level-of-care;
    - B. Appropriateness of services provided in connection with the diagnosis;
    - C. Charges that are not permissible per the MO HealthNet Division; policies established in the institutional manual and hospital bulletins; and
    - D. If the hospital is asked to provide claim information, the hospital will need to provide an affidavit vouching to the accuracy of final payments by the MO HealthNet Division, managed care health plans, and other third-party payors. The calculation of outlier payments will be based on the standard hospital payment defined in subparagraph (7)(A)6.B.
  5. After the review, reimbursable costs for each claim will be determined using the following data from the most recent Medicaid hospital cost report filed by June 1 of each year:
    - A. Average routine (room and board) costs for the general and special care units for all days of the stay eligible per the outlier review;
    - B. Ancillary cost-to-charge ratios applied to claim ancillary charges determined eligible for reimbursement per the outlier review; and
    - C. No cost will be calculated for items such as malpractice insurance premiums, interns and residents, professional services, or return on equity.
  6. Each state fiscal year, outlier adjustment payments for each hospital will be made for all claims submitted before March 1 of the preceding state fiscal year which satisfy all conditions in paragraphs (7)(A)1.–4. The payments will be determined for each hospital as follows:
    - A. Sum all reimbursable costs per paragraph (7)(A)5. for all applicable outlier claims to equal total reimbursable costs;
    - B. For those claims, subtract third-party payments and MO HealthNet payments, which includes both per diem payments and Direct Medicaid Add-On payments, from total reimburseable costs to equal excess cost; and
    - C. Multiply excess costs by fifty percent (50%).

(B) Effective for admissions beginning on or after July 1, 1997, outlier adjustments shall also be made for MO HealthNet participants enrolled in managed care. All criteria listed under subsection (7)(A) applies to managed care outlier submissions.

**(C) Effective for admissions beginning on or after May 1, 2017, outlier adjustments will only be made for fee for service claims. All criteria listed under subsection (7)(A) will continue to be applied to fee for service outlier submissions.**

*AUTHORITY: sections 208.153 and 208.201, RSMo Supp. 2013, and section 208.152, RSMo Supp. 2014.\* This rule was previously filed as 13 CSR 40-81.050. Original rule filed Feb. 13, 1969, effective Feb. 23, 1969. For intervening history please consult the **Code of State Regulations**. Emergency amendment filed June 20, 2016, effective July 1, 2016, expires December 27, 2016. Amended: filed June 23, 2016.*

*PUBLIC COST: This proposed amendment will cost state agencies or political subdivisions approximately nineteen million eight-hundred thousand (\$19.8 million) in the aggregate.*

*PRIVATE COST: This proposed amendment will not cost private entities more than five hundred dollars (\$500) in the aggregate.*

*NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to this proposed amendment with the Department of Social Services, MO HealthNet Division, 615 Howerton Court, Jefferson City, MO 65109. To be considered, comments must be delivered by regular mail, express or overnight mail, in person, or by courier within thirty (30) days after publication of this notice in the **Missouri Register**. If to be hand-delivered, comments must be brought to the MO HealthNet Division at 615 Howerton Court, Jefferson City, Missouri. No public hearing is scheduled.*