



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

Critical Access Hospital (CAH) Update – Managed Care

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Agenda

- Background
- Current State
- Future State
- Questions

Background

- **Session Law 2020-88, Medicaid Transformation effective July 1, 2021.**
- **FFY2021 DSH/MRI/GAP Plan through June 30, 2021.**
- **Last Update – October 2019 Informational Rate Letters to Providers.**

Current State

- **Base Payments at \$2,704 per CMI adjusted discharge and teaching hospitals receive a per discharge add-on for GME.**
- **Supplemental Payments**
 - DSH Payments
 - Deficit payments
 - Upper Payment Limit Payments
- **Annual Cost Report Settlement**
 - Acute Care – 70% Medicaid allowable OP cost
 - CAH – 100% Medicaid allowable IP & OP cost

Future State

- Current deficit and UPL payments (less GME) will be incorporated into enhanced, hospital specific inpatient and outpatient base rates, based on FFY2018 MRI/GAP Plan.
- **These rates will apply in both FFS and Managed Care.**
- The new inpatient and outpatient base rates will serve as a “rate floor” for Managed Care, excluding behavioral health claims. PHPs and providers may mutually agree to alternate amount or methodology.
- PHPs shall negotiate rates with hospitals for behavioral health claims.
- CAHs – inpatient rates are set to approximate each CAH’s current FFS per-discharge reimbursement, including base and supplemental payments.
- Annual rate adjustments (CMS inpatient PPS market basket updates less productivity adjustment).

Future State

- **Outpatient Rates**
 - Base rates set to approximate **100%** of costs based on each hospital's RCC contained in **2018 MRI/GAP Plan**, adjusted annually by inflation and changes in hospital specific charge master.
 - Annual rate adjustments (CMS inpatient PPS market basket updates less productivity adjustment).
- **DSH and Graduate Medical Education Payments**
 - These payments will continue to be made directly to eligible hospitals and will not be a component of IP or OP Base Rates.
- **Cost Report Settlement will end as of June 30, 2021 Date of Service.**

Funding

- **Session Law 2020-88 identifies Base and Supplemental Assessments required to fund new methodology under Medicaid Transformation.**
- **Critical Access Hospitals remain exempt from both of these assessments.**

Questions