# Rules of
## Department of Social Services
### Division 70—MO HealthNet Division
#### Chapter 15—Hospital Program

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(1) General Reimbursement Principles.

(A) For inpatient hospital services provided for an individual entitled to Medicare Part A, inpatient hospital benefits and eligible for MO HealthNet reimbursement from the MO HealthNet Program will be available only when MO HealthNet's applicable payment schedule amount exceeds the amount paid by Medicare. MO HealthNet's payment will be limited to the lower of the deductible and coinsurance amounts or the amount the MO HealthNet applicable payment schedule amount exceeds the Medicare payments. For all other MO HealthNet participants, unless otherwise limited by rule, reimbursement will be based solely on the individual participant's days of care (within benefit limitations) multiplied by the individual hospital's Title XIX per diem rate. As described in paragraph (5)(D)(2) of this rule, as part of each hospital's fiscal year-end cost settlement determination, a comparison of total MO HealthNet-covered aggregate charges and total MO HealthNet payments will be made and any hospital whose aggregate MO HealthNet per diem payments exceed aggregate MO HealthNet charges will be subject to a retroactive adjustment.

(B) The Title XIX reimbursement for hospitals located outside Missouri and for federally-operated hospitals in Missouri will be determined as stated in 13 CSR 70-15.190.

(C) The Title XIX reimbursement for hospitals, excluding those located outside Missouri and in-state federal hospitals, shall include per diem payments, outpatient payments, disproportionate share payments, various MO HealthNet Add-On payments, as described in this rule; or a safety net adjustment, paid in lieu of Direct Medicaid Payments described in section (15) and Uninsured Add-Ons described in subsection (18)(B). Reimbursement shall be subject to availability of federal financial participation (FFP).

1. Per diem reimbursement—The per diem rate is established in accordance with section (3).

2. Outpatient reimbursement is described in 13 CSR 70-15.160.

3. Disproportionate share reimbursement—The disproportionate share payments described in section (16), and subsection (18)(B), include both the federally mandated reimbursement for hospitals which meet the federal requirements listed in section (6) and the discretionary disproportionate share payments which are allowable but not mandated under federal regulation. These Safety Net and Uninsured Add-Ons shall not exceed one hundred percent (100%) of the unreimbursed cost for MO HealthNet and the cost of the uninsured unless otherwise permitted by federal law.

4. MO HealthNet Add-Ons—MO HealthNet Add-Ons are described in sections (13), (14), (15), (19), and (21) and are in addition to MO HealthNet per diem payments. These payments are subject to the federal Medicare Upper Limit test.

5. Safety Net Adjustment—The payments described in subsection (16)(A) are paid in lieu of Direct Medicaid Payments described in section (15) and Uninsured Add-Ons described in subsection (18)(B).

(2) Definitions.

(A) Allowable costs. Allowable costs are those related to covered MO HealthNet services defined as allowable in 42 CFR chapter IV, part 413, except as specifically excluded or restricted in 13 CSR 70-15.010 or the MO HealthNet hospital provider manual and detailed on the desk-reviewed Medicare/Medicaid cost report. Penalties or incentives as a result of Medicare target rate calculations shall not be considered allowable costs. Implicit in any definition of allowable cost is that this cost is allowable only to the extent that it relates to patient care; is reasonable, ordinary, and necessary; and is not in excess of what a prudent and cost-conscious buyer pays for the given service or item.

(B) Bad debt. Bad debts should include the costs of caring for patients who have insurance but are not covered for the particular services, procedures, or treatment rendered. Bad debts should not include the cost of caring for patients whose insurance covers the provided services but limits coverage. In addition, bad debts should not include the cost of caring for patients whose insurance covers the procedure although the total payments to the hospital are less than the actual cost of providing care.

(C) Base cost report. Desk-reviewed Medicare/Medicaid cost report. When a facility has more than one (1) cost report with periods ending in the fourth prior calendar year, the cost report covering a full twelve (12)-month period will be used. If none of the cost reports covers a full twelve (12) months, the cost report with the latest period will be used. If a hospital's base cost report is less than or greater than a twelve (12)-month period, the data shall be adjusted, based on the number of months reflected in the base cost report to a twelve (12)-month period.

(D) Case mix index. The average Diagnosis Related Grouping (DRG) relative weight as determined from claims information filed with the Missouri Department of Health and Senior Services. This calculation will include both fee-for-service and managed care information. The DRG weight used in the calculation is the same for all years and is the weight that is associated with the latest year of data that is being analyzed (i.e., for SFY 2004, weights for 2003 are applied to all years). The DRG weights will be updated annually using the information published by the Centers for Medicare and Medicaid Services (CMS) in the Federal Register.

(E) Charity care. Results from a provider's policy to provide health care services free of charge or a reduction in charges because of the indigence or medical indigence of the patient.

(F) Contractual allowances. Difference between established rates for covered services and the amount paid by third-party payers under contractual agreements.

(G) Cost report. A cost report details, for purposes of both Medicare and MO HealthNet reimbursement, the cost of rendering covered services for the fiscal reporting period. The Medicare/Medicaid Uniform Cost Report contains the forms utilized in filing the cost report.

(H) Critical access. Hospitals which meet the federal definition found in section 1820(c)(2)(B) of the Social Security Act. A Missouri expanded definition of critical access shall also include hospitals which meet the federal definitions of both a rural referral center and sole community provider
and is adjacent to at least one (1) county that has a Medicaid eligible population of at least twenty-five percent (25%) of the total population of the county or hospitals which are the sole community hospital located in a county that has a Medicaid population of at least twenty-five percent (25%) of the total population of the county.

(I) Disproportionate share reimbursement.

The disproportionate share payments described in section (16), and subsection (18)(B), include both the federally mandated reimbursement for hospitals which meet the federal requirements listed in section (6) and the discretionary disproportionate share payments which are allowed but not mandated under federal regulation. These Safety Net and Uninsured Payment Add-Ons shall not exceed one hundred percent (100%) of the unreimbursed cost for MO HealthNet and the cost of the uninsured unless otherwise permitted by federal law.

(J) Effective date.

1. The plan effective date shall be October 1, 1981.
2. The adjustment effective date shall be thirty (30) days after notification to the hospital that its reimbursement rate has been changed unless modified by other sections of the plan.

(K) MO HealthNet inpatient days. MO HealthNet inpatient days are paid MO HealthNet days for inpatient hospital services as reported by the Medicaid Management Information System (MMIS).

(L) Medicare rate. The Medicare rate is the rate established on the basis of allowable cost as defined by applicable Medicare standards and principles of reimbursement (42 CFR parts 405 and 413) as determined by the billing services intermediary based on yearly hospital cost reports.

(M) Nonreimbursable items. For purposes of reimbursement of reasonable cost, the following are not subject to reimbursement:

1. Allowances for return on equity capital;
2. Amounts representing growth allowances in excess of the intensity allowance, profits, efficiency bonuses, or a combination of these;
3. Cost in excess of the principal of reimbursement specified in 42 CFR chapter IV, part 413; and
4. Costs or services or costs and services specifically excluded or restricted in this plan or the MO HealthNet hospital provider manual.

(N) Per diem rates. The per diem rates shall be determined from the individual hospital's cost report in accordance with section (3) of the regulation.

(O) Reasonable cost. The reasonable cost of inpatient hospital services is an individual hospital’s MO HealthNet per diem cost per day as determined in accordance with the general plan rate calculation from section (3) of this regulation using the base year cost report.

(P) Specialty pediatric hospital. An inpatient pediatric acute care facility which:
1. Is licensed as a hospital by the Missouri Department of Health and Senior Services under Chapter 197 of the Missouri Revised Statutes;
2. Has been granted substantive waivers by the Missouri Department of Health and Senior Services from compliance with material hospital licensure requirements governing a) the establishment and operation of an emergency department, and b) the provision of pathology, radiology, laboratory, and central services; and
3. Is not licensed to operate more than sixty (60) inpatient beds.

(Q) Trauma hospital. A trauma center designated by the Missouri Department of Health and Senior Services.

(R) Trend factor. The trend factor is a measure of the change in costs of goods and services purchased by a hospital during the course of one (1) year.

(S) Children’s hospital. An acute care hospital operated primarily for the care and treatment of children under the age of eighteen (18) and which has designated in its licensure application at least sixty-five percent (65%) of its total licensed beds as a pediatric unit as defined in 19 CSR 30-20.021(4)(F).

(T) FRA. The Federal Reimbursement Allowance (FRA) is identified in 13 CSR 70-15.110. Effective January 1, 1999, the assessment shall be an allowable cost.

(U) Incorporates by Reference. This rule incorporates by reference the following:

1. Institutional Provider Manual; and
2. Worksheet E-3 Part IV from the Medicare cost report (HCFA 2552-96).

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

(A) The per diem rate shall be determined from the 1995 base year cost report in accordance with the following formula:

Per Diem = \( \frac{(OC \times TI) + CMC}{MPD} \times \frac{MPDC}{MPD} \)

1. OC—The operating component is the hospital’s total allowable cost (TAC) less CMC;
2. CMC—The capital and medical education component of the hospital’s TAC;
3. MPD—Medicaid inpatient days;
4. MPDC-MPD—Medicaid patient days for capital costs as defined in paragraph (3)(A); with a minimum utilization of sixty percent (60%) as described in paragraph (5)(C);
5. TI—Trend indices. The trend indices are applied to the OC of the per diem rate. The trend indices for SFY 1995 is used to adjust the OC to a common fiscal year end of June 30;
6. TAC—Allowable inpatient routine and special care unit expenses, ancillary expenses, and graduate medical education costs will be added to determine the hospital’s total allowable cost (TAC);
7. The per diem shall not exceed the average MO HealthNet inpatient charge per diem as determined from the base year cost report and adjusted by the TI; and
8. The per diem shall be adjusted for rate increases granted in accordance with paragraph (5)(F) for allowable costs not included in the base year cost report.

(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 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.

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, shall have its MO HealthNet rate determined in accordance with section (4).

(4) Per Diem Rate—New Hospitals.
(A) Facilities Reimbursed by Medicare on a Per Diem Basis. In the absence of adequate cost data, a new facility’s MO HealthNet rate may be its most current Medicare rate on file for two (2) fiscal years following the facility’s initial fiscal year as a new facility. The MO HealthNet rate for this third fiscal year will be the lower of the most current Medicare rate on file by review date or the facility’s MO HealthNet rate for its second fiscal year indexed forward by the inflation index for the current fiscal year. The MO HealthNet rate for the facility’s fourth fiscal year will be determined in accordance with sections (1)–(3) of this plan.

(B) Facilities Reimbursed by Medicare on a DRG Basis. In the absence of adequate cost data, a new facility’s MO HealthNet rate shall be ninety percent (90%) of the average-weighted, statewide per diem rate for the year it became certified to participate in the MO HealthNet Program until a prospective rate is determined on the facility’s fourth fiscal year cost report in accordance with sections (1)–(3) of this plan. If the facility’s fourth fiscal year cost report does not include any Medicaid costs, the facility shall continue to receive the initial rate, and the prospective rate will be determined from the facility’s fifth fiscal year cost report.

(C) In addition to the MO HealthNet rate determined by either subsection (4)(A) or (4)(B), the MO HealthNet per diem rate for a new hospital licensed after February 1, 2007, shall include an adjustment for the hospital’s estimated Direct Medicaid Add-On payment per patient day, as determined in subsection (15)(C), until the facility’s fourth fiscal year. The MO HealthNet rate for the facility’s fourth fiscal year will be determined in accordance with sections (1)–(3) of this plan. The facility’s Direct Medicaid Add-On adjustment will then no longer be included in the per diem rate but shall be calculated as a separate Add-On payment, as set forth in section (15).

(5) Administrative Actions.
(A) Cost Reports.
1. Each hospital participating in the MO HealthNet program shall submit a cost report in the manner prescribed by the state MO HealthNet agency. The cost report shall be submitted within five (5) calendar months after the close of the reporting period. The period of a cost report is defined in 42 CFR 413.24(f). A single extension, not to exceed thirty (30) days, may be granted upon the request of the hospital and the approval of the MO HealthNet Division when the provider’s operation is significantly affected due to extraordinary circumstances over which the provider had no control such as fire or flood. The request must be in writing and postmarked prior to the first day of the sixth month following the hospital’s fiscal year end.

2. The change of control, ownership, or termination of or by a hospital of participation in the program requires that the hospital submit a cost report for the period ending with the date of change of control, ownership, or termination within five (5) calendar months after the close of the reporting period. No extensions in the submitting of cost reports shall be allowed when a termination of participation has occurred.

A. If a provider notifies, in writing, the director of the Institutional Reimbursement Unit of the division prior to the change of control, ownership, or termination of participation in the MO HealthNet program, the division will withhold all remaining payments from the selling provider until the cost report is filed. Upon receipt of a cost report prepared in accordance with this regulation, any payment that was withheld will be released to the selling provider.

B. If the director of the Institutional Reimbursement Unit does not receive, in writing, notification of a change of control or ownership upon learning of a change of control or ownership, fifty thousand dollars ($50,000) of the next available MO HealthNet payment, after learning of the change of control or ownership, will be withheld from the provider identified in the current MO HealthNet participation agreement until a cost report is filed. If the MO HealthNet payment is less than fifty thousand dollars ($50,000), the entire payment will be withheld. Once the cost report prepared in accordance with this regulation is received, the payment will be released to the provider identified in the current MO HealthNet participation agreement.

C. The MO HealthNet Division may, at its discretion, delay the withholding of funds specified in subparagraphs (5)(A)2.A. and B. until the cost report is due based on assurances satisfactory to the division that the cost report will be timely filed. A request jointly submitted by the buying and selling provider may provide adequate assurances. The buying provider must accept responsibility for ensuring timely filing of the cost report and authorize the division to immediately withhold fifty thousand dollars ($50,000) if the cost report is not timely filed.

3. All cost reports shall be submitted and certified by an officer or administrator of the provider. Failure to file a cost report, within the period prescribed in this subsection, may result in the impositions of sanctions as described in 13 CSR 70-3.030.

4. Amended cost reports or other supplemental. The division will notify hospital by letter when the desk review of its cost report is completed. Since this data may be used in the calculation of per diem rates, direct payments, trended costs, or uninsured add-on payments, the hospital shall review the desk review data and the schedule of key data elements and submit amended or corrected data to the division within fifteen (15) days. Data received after the fifteenth (15) day deadline will not be considered by the division for per diem rates, direct payments, trended costs, or uninsured payments unless the hospital requests in writing and receives an extension to file additional information prior to the end of the fifteenth (15)-day deadline.

(B) Records.
1. All hospitals are required to maintain financial and statistical records in accordance with 42 CFR 413.20. For purposes of this plan, statistical and financial records shall include beneficiaries’ medical records and patient claim logs separated for inpatient and outpatient services billed to and paid for by MO HealthNet (excluding cross-over claims) separately. Separate logs for inpatient and outpatient services should be maintained for MO HealthNet participants covered by managed care. All records must be available upon request to representatives, employees, or contractors of the MO HealthNet program, Missouri Department of Social Services, General Accounting Office (GAO), or the United States Department of Health and Human Services (HHS). The content and organization of the inpatient and outpatient logs shall include the following:

A. A separate MO HealthNet log for each fiscal year must be maintained by either date of service or date of payment by MO HealthNet for claims and all adjustments of those claims for services provided in the fiscal period. Lengths of stay covering two (2) fiscal periods should be recorded by date of
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Medicaid worksheet in the hospital’s cost report; or if audit findings have not been resolved at the end of the three (3)-year period, the reports shall be retained until resolution of the audit findings.

4. The MO HealthNet Division shall maintain any responses received on this plan, subsequent changes to this plan, and rates for a period of three (3) years from the date of receipt.

(C) New, Expanded, or Terminated Services. A hospital, at times, may offer to the public new or expanded inpatient services which may require Certificate of Need (CON) approval, or may permanently terminate a service.

1. A state hospital, i.e., one owned or operated by the board of curators as provided for in Chapter 172, RSMo, or one owned or operated by the Department of Mental Health, may offer new or expanded inpatient services to the public provided it receives legislative appropriations for the project. A state hospital may submit a request for inpatient rate reconsideration if the project meets or exceeds a cost threshold of one (1) million dollars for major medical equipment expenditures as described in 19 CSR 60-50.300.

2. Nonstate hospitals may also offer new or expanded inpatient services to the public, and incur costs associated with the additions or expansions which may qualify for inpatient rate reconsideration requests. Such projects may require a Certificate of Need (CON). Rate reconsideration requests for projects requiring CON review must include a copy of the CON program approval. Nonstate hospitals may request inpatient rate reconsiderations for projects not requiring review by the CON program, provided each project meets or exceeds a cost threshold of one (1) million dollars for major medical equipment expenditures as described in 19 CSR 60-50.300.

3. A hospital (state or nonstate) will have six (6) months after the new or expanded service project is completed and the service is offered to the public to submit a request for inpatient rate reconsideration, along with a budget of the project’s costs. The rate reconsideration request and budget will be subject to desk review and audit. Upon completion of the desk review and audit, the hospital’s inpatient reimbursement rates may be adjusted, if indicated. Failure to submit a request for rate reconsideration and project budget within the six (6)-month period shall disqualify the hospital from receiving a rate increase prior to recognizing the increase through the trended cost calculation (direct Medicaid payments). Failure to submit a request shall not prohibit the division from reducing the rate in the case of a terminated service.

4. Failure to submit a budget concerning terminated services may result in the imposition of sanctions as described in 13 CSR 70-3.030.

5. The effective date for any increase granted under this subsection shall be no earlier than the first day of the month following the MO HealthNet Division’s final determination on rate reconsideration.

6. Any inpatient rate reconsideration request for new, expanded, or terminated services must be submitted in writing to the MO HealthNet Division and must specifically and clearly identify the issue and total dollar amount involved. The total dollar amount must be supported by generally accepted accounting principles. The hospital shall demonstrate the adjustment is necessary, proper, and consistent with efficient and economical delivery of covered patient care services. The hospital will be notified in writing of the agency’s decision within sixty (60) days of receipt of the hospital’s written request or within sixty (60) days of receipt of any additional documentation or clarification which may be required, whichever is later. Failure to submit requested information within the sixty (60)-day period shall be grounds for denial of the request. If the state does not respond within the sixty (60)-day period, the request shall be deemed denied.

7. Rate adjustments due to new or expanded services will be determined as total allowable project cost (i.e., the sum of annual depreciation, annualized interest expense, and annual additional operating costs) multiplied by the ratio of total inpatient costs (less SNF and swing bed cost) to total hospital cost as submitted on the most recent cost report filed with the agency as of the review date divided by total acute care patient days including all special care units and nursery, but excluding swing bed days.

8. Total acute care patient days (excluding nursery and swing bed days) must be at least sixty percent (60%) of total possible bed days. Total possible bed days will be determined using the number of licensed beds times three hundred sixty-five (365) days. If the days, including neonatal units, are less than sixty percent (60%), the sixty percent (60%) number plus newborn days will be used to determine the rate increase. This computation will apply to capital costs only.

9. Major medical equipment costs included in rate reconsideration requests shall not include costs to replace current major medical equipment if the replacement does not result in new or expanded inpatient services. The replacement of inoperative or obsolete major medical equipment, by itself, does not qualify for rate reconsideration, even if the new equipment costs at least one (1) million dollars.
1. Rate reconsideration may be request-
ed under this subsection for changes in allow-
able cost which occur subsequent to the base
period described in subsection (3)(A). The
effective date for any increase granted under
this subsection shall be no earlier than the first
day of the month following the MO
HealthNet Division’s final determination on
rate reconsideration.

2. The following may be subject to
review under procedures established by the
MO HealthNet Division:
- New, expanded, or terminated ser-
dices as detailed in subsection (5)(C);
- When the hospital experiences
extraordinary circumstances which may
include, but are not limited to, an act of God,
war, or civil disturbance; and
- Per diem rate adjustments for crit-
tical access hospitals.

(f) Critical access hospitals meeting
the following criteria may request per diem
rate adjustments in accordance with this sub-
section. The per diem rate increase will result
in a corresponding reduction in the direct
Medicaid payment.
- The per diem rate of critical access hospitals
meeting the following criteria may be increased
by up to seven and one-half percent (7.5%) of
their estimated MO HealthNet cost per day as
determined in section (15).

(b) Hospitals which meet the
Missouri expanded definition as a critical access hospital will have a per diem rate
equal to seventy-five percent (75%) of their estimated MO HealthNet cost per day as
determined in subsection (15).

3. Critical access hospitals meeting
either the federal definition or the Missouri
expanded definition may request per diem
rate adjustments in accordance with this sub-
section. The per diem rate increase will result
in a corresponding reduction in the direct
Medicaid payment.
- Hospitals which meet the
federal definition as a critical access hospital will have a per diem rate equal to one hun-
dred percent (100%) of their estimated MO
HealthNet cost per day as determined in sec-
tion (15).

4. As a condition of review, the MO
HealthNet Division may require the hospital
to submit to a comprehensive operational
review. The review will be made at the discre-
tion of the MO HealthNet Division and
may be performed by it or its designee. The
findings from any such review may be used to
recalculate allowable costs for the hospital.

5. The request for an adjustment must
be submitted in writing to the MO HealthNet
Division and must specifically and clearly identify the issue and the total dollar amount
involved. The total dollar amount must be
supported by generally acceptable accounting
principles. The hospital shall demonstrate the
adjustment is necessary, proper, and consist-
tent with efficient and economical delivery of
covered patient care services. The hospital
will be notified in writing of the agency’s
decision within sixty (60) days of receipt of
the hospital’s written request or within sixty
(60) days of receipt of any additional docu-
mentation or clarification which may be
required, whichever is later. Failure to submit
requested information within the sixty (60)-
day period shall be grounds for denial of the
request. If the state does not respond within
the sixty (60)-day period, the request shall be
deemed denied.

(G) Sanctions. Sanctions may be imposed
against a provider in accordance with 13 CSR
70-3.030 and other applicable state and fed-
eral regulations.

6. Disproportionate Share.
(A) Inpatient hospital providers may qualify
as a Disproportionate Share Hospital (DSH) based on the following criteria.
Hospitals shall qualify as Disproportionate Share Hospitals for a period of only one (1)
state fiscal year and must requalify at the beginning of each state fiscal year to continu-
ue their disproportionate share classification—

1. If the facility offered nonemergency
obstetric services as of December 21, 1987,
there must be at least two (2) obstetricians
with staff privileges at the hospital who have
agreed to provide obstetric services to indi-
viduals entitled to these services under the
Missouri Medicaid plan. In the case of a hos-
pital located in a rural area (area outside of a
metropolitan statistical area, as defined by the
federal Executive Office of Management and
Budget), the term obstetrician includes any
physician with staff privileges at the hospital
to perform nonemergency obstetric proce-
dures. This section does not apply to hospi-
tals either with inpatients predominantly
under eighteen (18) years of age or which did
not offer nonemergency obstetric services as
of December 21, 1987;

2. As determined from the fourth prior
year desk-reviewed cost report, the facility
must have either—
A. A Medicaid inpatient utilization rate (MIUR) at least one (1) standard deviation above the state’s mean MIUR for all Missouri hospitals. The MIUR will be expressed as the ratio of total Medicaid days (TMD) provided under a state plan divided by the provider’s total number of inpatient days (TNID). The state’s mean MIUR will be expressed as the ratio of the sum of the total number of the Medicaid days for all Missouri hospitals divided by the sum of the total patient days for the same Missouri hospitals. Data for hospitals no longer participating in the program will be excluded;

\[ \text{MIUR} = \frac{\text{TMD}}{\text{TNID}} \]

or

B. A low-income utilization rate (LIUR) in excess of twenty-five percent (25%). The LIUR shall be the sum (expressed as a percentage) of the fractions, calculated as follows:

1. Total MO HealthNet patient revenues (TMPR) paid to the hospital for patient services under a state plan plus the amount of the cash subsidies (CS) directly received from state and local governments, divided by the total net revenues (TNR) (charges, minus contractual allowances, discounts, and the like) for patient services plus the CS; and

2. The total amount of the hospital’s charges for patient services attributable to charity care (CC) (care provided to individuals who have no source of payment, third-party, or personal resources) less CS directly received from state and local governments in the same period, divided by the total amount of the hospital’s charges (THC) for patient services. The total patient charges attributed to CC shall not include any contractual allowances and discounts other than for indigent patients not eligible for MO HealthNet under a state plan;

\[ \text{LIUR} = \frac{\text{TMPR} + \text{CS}}{\text{TNR} + \text{CS}} + \frac{\text{CC} - \text{CS}}{\text{THC}} \]

3. As determined from the fourth prior year desk-reviewed cost report, the hospital—

A. Has an unsponsored care ratio of at least ten percent (10%). The unsponsored care ratio is determined as the sum of bad debts and CC divided by TNR and also meets either of the criteria in paragraph (6)(A)2.; or

B. Ranks in the top fifteen (15) in the number of Medicaid inpatient days provided by that hospital compared to Medicaid patient days provided by all hospitals, and the hospitals also have a Medicaid nursery utilization ratio greater than thirty-five percent (35%) as computed by dividing Title XIX nursery and neonatal days by total nursery and neonatal days; or

C. Operated a neonatal intensive care unit with a ratio of Missouri Medicaid neonatal patient days to Missouri Medicaid total patient days in excess of nine percent (9%) reported or verified by the division from the fourth prior year cost report;

4. As determined from the fourth prior year desk-reviewed cost report—

A. The acute care hospital has an unsponsored care ratio of at least sixty-five percent (65%) and is licensed for less than fifty (50) inpatient beds; or

B. The acute care hospital has an unsponsored care ratio of at least sixty-five percent (65%) and is licensed for fifty (50) inpatient beds or more and has an occupancy rate of more than forty percent (40%); or

C. The hospital is owned or operated by the Board of Curators as defined in Chapter 172, RSMo, and the Missouri Rehabilitation Center created by Chapter 199, RSMo, or their successors; or

D. The hospital is a public hospital operated by the Department of Mental Health primarily for the care and treatment of mental disorders; and

5. As determined from the fourth prior year desk-reviewed cost report, hospitals which annually provide more than five thousand (5,000) Title XIX days of care and whose Title XIX nursery days represent more than fifty percent (50%) of the hospital’s total nursery days.

B) Those hospitals which meet the criteria established in paragraphs (6)(A)1., (6)(A)2., and (6)(A)4. shall be deemed safety net hospitals. Those hospitals which meet the criteria established in (6)(A)1. and (6)(A)3. shall be deemed first tier Disproportionate Share Hospitals (DSH). Those hospitals which meet only the criteria established in paragraphs (6)(A)1. and (6)(A)2. or (6)(A)1. and (6)(A)5. shall be deemed second tier DSH.

C) A hospital not meeting the requirements of subsection (6)(A), but has a Medicaid inpatient utilization percentage of at least one percent (1%) for Medicaid-eligible participants may at the option of the state be deemed a Disproportionate Share Hospital (DSH). These facilities may receive only the DSH payments identified in section (18).

D) Specialty pediatric hospitals shall not qualify for disproportionate share payments by meeting the state defined requirements. However, they will qualify for disproportionate share payments if they meet the federal requirements as defined in (6)(A)1. and (6)(A)2.

E) Hospitals shall not send amended cost reports or other data necessary for qualification for disproportionate share classification for purposes of rate reconsideration unless the reports or other necessary data are received within sixty (60) days of the date of the division’s notification of the final determination of the rate.

F) Hospital-specific DSH cap. Unless otherwise permitted by federal law, disproportionate share payments shall not exceed one hundred percent (100%) of the unreimbursed cost for MO HealthNet and the cost of the uninsured. The hospital-specific DSH cap shall be computed by combining the estimated unreimbursed MO HealthNet costs for each hospital, as calculated in section (15), with the hospital’s corresponding estimated uninsured costs, as determined in section (18). If the sum of disproportionate share payments exceeds the estimated hospital-specific DSH cap, the difference shall be deducted in order as necessary from safety net payments, other disproportionate share lump sum payments, direct Medicaid payments, and if necessary, as a reduced per diem. All DSH payments in the aggregate shall not exceed the federal DSH allotment within a state fiscal period.

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 reimbursable costs to equal excess costs; 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.

(8) Payment Assurance
   A. The state will pay each hospital, which furnishes the services in accordance with the requirements of the state plan, the amount determined for services furnished by the hospital according to the standards and methods set forth in the rules implementing the Hospital Reimbursement Program.
   B. Where third-party payment is involved, MO HealthNet will be the payer of last resort with the exception of state programs, such as Vocational Rehabilitation and the Missouri Crippled Children’s Service. Procedures for remitting third-party payments are provided in the MO HealthNet program provider manuals.
   C. Regardless of changes of ownership, management, control, operation, or leasehold interests by whatever form for any hospital previously certified for participation in the MO HealthNet program, the department will continue to make all the Title XIX payments directly to the entity with the hospital’s current provider number and hold the entity with the current provider number responsible for all MO HealthNet liabilities.

(9) Provider Participation. Payments made in accordance with the standards and methods described in this rule are designed to enlist participation of a sufficient number of hospitals in the program, so that eligible persons can receive the medical care and services included in the state plan at least to the extent these services are available to the general public.

(10) Payment in Full. Participation in the program shall be limited to hospitals who accept as payment in full for covered services rendered to MO HealthNet participants the amount paid in accordance with the rules implementing the Hospital Reimbursement Program.

(11) Plan Evaluation. Documentation will be maintained to effectively monitor and evaluate experience during administration of this plan.

(12) Inappropriate Placements.
   (A) The hospital per diem rate as determined under this plan and in effect on October 1, 1981, shall not apply to any participant who is receiving inpatient hospital care when s/he is only in need of nursing home care.
   1. If a hospital has an established intermediate care facility/skilled nursing facility (ICF/SNF) or SNF-only MO HealthNet rate for providing nursing home services in a distinct part setting, reimbursement for nursing home services provided in the inpatient hospital setting shall be made at the hospital’s ICF/SNF or SNF-only rate.
   2. No MO HealthNet payments will be made on behalf of any participant who is receiving inpatient hospital care and is not in need of either inpatient or nursing home care.

(13) Trauma Add-On Payments. Hospitals that meet the following will receive additional Add-On payments.
   (A) Criteria for Qualifying to Receive Add-On Payments for Trauma:
      1. Hospital must be a Level I, II, or III trauma center as designated by the Missouri Department of Health and Senior Services;
      2. Hospital with an emergency department in a county that does not have a trauma center.
   (B) Trauma Add-On Computation. Each state fiscal year, to be effective July 1 of that state fiscal year, the division will calculate the trauma Add-On payments for qualifying hospitals as follows:
      1. The case mix index for MO HealthNet patients will be determined for the fourth prior year and the second prior year based on a federal fiscal year;
      2. The percentage change will be calculated for the same time period above and then inflated by 1.5 to estimate a percentage change from the fourth prior year through the prior year (for example, for SFY 2004, the percentage change for 2000 to 2002 will be inflated to estimate a percentage change from 2000 through 2003);
      3. If this estimated percentage change is positive, the hospital’s current year trended
cost per day prior to the assessment per day and utilization adjustment per day (estimated for SFY 2004 using the 2000 cost report with some exceptions) will be inflated by the same amount to arrive at the current year case mix adjusted cost per day;

4. The difference between the current year case mix adjusted cost per day and the current year trended cost per day prior to the assessment per day and utilization adjustment per day will be multiplied by the current year’s estimated MO HealthNet days, resulting in the trauma Add-On payment to the hospital;

5. For subsequent years, the calculation of the trauma Add-On payment will be determined in the same manner. However, payments will be the greater of the current year calculated payment or the previous year’s payment.

(C) Trauma Payment Adjustment Option.

1. If the qualifying hospital for the trauma Add-On payment has a declining case mix index for three (3) consecutive years, the hospital will no longer be eligible to receive the trauma add-on payment.

(D) Trauma Add-On payments and trauma outlier payments will be subject to appropriations. If the amount appropriated is less than the base year amount, the current year’s payments for both trauma Add-Ons and trauma outliers will be prorated based on the ratio of trauma Add-On payments to trauma outlier payments in the base year.

(14) Trauma Outlier Payments.

(A) Outlier adjustments for trauma inpatient services involving exceptionally high cost for MO HealthNet-eligible participants will be made to hospitals meeting the criteria established below:

1. Hospital must be a Level I, II, or III trauma center as designated by the Missouri Department of Health and Senior Services.

(B) Claims for all dates of service eligible for trauma outlier review must—

1. Have been submitted to the MO HealthNet Division fiscal agent 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

2. Be submitted for outlier review with all documentation as required by the MO HealthNet Division by the end of the third quarter of the current state fiscal year. The prior year’s information will be used to determine the trauma outlier payment for the current state fiscal year (for example, SFY 2004 trauma outlier payments will be based on 2003 data). Out-of-state trauma claims may be included.

3. The claims for trauma inpatient services may include services provided to MO HealthNet-eligible individuals from states outside Missouri when provided in a Missouri hospital.

4. The claim must be an inpatient that originated in the hospital emergency room or a direct admit from another hospital’s emergency room and must have a diagnosis code that is included in the table of valid trauma diagnosis codes listed below:

<table>
<thead>
<tr>
<th>Diagnosis Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>800.00–999.99</td>
<td>All Other Inpatient</td>
</tr>
<tr>
<td>980.00–981.99</td>
<td>TRAUMA INJURY</td>
</tr>
<tr>
<td>983.00–983.99</td>
<td>TRAUMA INJURY</td>
</tr>
<tr>
<td>986.00–987.99</td>
<td>TRAUMA INJURY</td>
</tr>
<tr>
<td>989.00–989.99</td>
<td>TRAUMA INJURY</td>
</tr>
<tr>
<td>991.00–994.99</td>
<td>TRAUMA INJURY</td>
</tr>
<tr>
<td>E800.00–E999.99</td>
<td>Other Inpatient</td>
</tr>
</tbody>
</table>

5. The payment for the claim as determined by the product of days of service times the appropriate year cost per day (including the assessment per day and the utilization adjustment per day) must be less than the cost of the claim as determined by product of charges times the hospital specific cost-to-charge ratio.

(C) Trauma outlier payments for qualifying hospitals will be determined as follows:

1. Multiply charges on claim by hospital specific second prior year cost to charge ratio to determine patient-specific trauma costs;

2. Multiply days of care by the appropriate year’s cost per day including the assessment per day and utilization adjustment per day (estimated for SFY 2004 using the 2000 cost report with some exceptions) to determine patient-specific payments; and

3. Determine difference between trauma costs and payments.

(D) The MO HealthNet Division will require a signed affidavit attesting to the validity of the data.

(E) Trauma Add-On payments and trauma outlier payments will be subject to appropriations. If the amount appropriated is less than the base year amount, the current year’s payments for both trauma Add-Ons and trauma outliers will be prorated based on the ratio of trauma Add-On payments to trauma outlier payments in the base year.

(15) Direct Medicaid Payments.

(A) Direct Medicaid Payments. Direct Medicaid payments will be made to hospitals for the following allowable MO HealthNet costs not included in the per diem rate as calculated in section (3):

1. The increased MO HealthNet costs resulting from the FRA assessment becoming an allowable cost on January 1, 1999;

2. The unreimbursed MO HealthNet costs applicable to the trend factor which is not included in the per diem rate;

3. The unreimbursed MO HealthNet costs for capital and medical education not included in the trended per diem cost as a result of the application of the sixty percent (60%) minimum utilization adjustment in paragraph (3)(A)4.;

4. The increased cost per day resulting from the utilization adjustment. The increased cost per day results from lower utilization of inpatient hospital services by MO HealthNet participants now covered by a managed care health plan;

5. The poison control adjustment shall be determined for hospitals which operated a poison control center during the base year and which continues to operate a poison control center in a MO HealthNet managed care region; and

6. The increased cost resulting from including out-of-state MO HealthNet days in total projected MO HealthNet days.

(B) Direct Medicaid payment will be computed as follows:

1. The MO HealthNet share of the inpatient FRA assessment will be calculated by dividing the hospital’s inpatient Medicaid patient days by the total inpatient hospital patient days from the hospital’s base cost report to arrive at the inpatient Medicaid utilization percentage. This percentage is then multiplied by the inpatient FRA assessment for the current SFY to arrive at the increased allowable MO HealthNet costs for the inpatient FRA assessment. The MO HealthNet share of the outpatient FRA assessment will be calculated by dividing the hospital’s outpatient MO HealthNet costs by the total outpatient hospital charges from the base cost report to arrive at the MO HealthNet utilization percentage. This percentage is then multiplied by the outpatient FRA assessment for the current SFY to arrive at the increased allowable MO HealthNet costs for the outpatient FRA assessment;

2. The unreimbursed MO HealthNet costs are determined by subtracting the hospital’s per diem rate from its trended per diem costs. The difference is multiplied by the estimated MO HealthNet patient days for the current SFY plus the out-of-state days from the fourth prior year cost report trended to the current SFY. The estimated MO HealthNet patient days for the current SFY shall be the better of the sum of the Fee-for-Service (FFS) days plus managed care days or the days used in the prior SFY’s Direct Medicaid payment calculation. The FFS days are determined from a regression analysis of
the hospital’s FFS days from February 1999 through December of the second prior SFY. The managed care days are based on the FFS days determined from the regression analysis, as follows: The FFS days are factored up by the percentage of FFS days to the total of FFS days plus managed care days from the hospital’s fourth prior year cost report. The difference between the FFS days and the FFS days factored up by the FFS days’ percentage are the managed care days.

A. Effective January 1, 2010, the estimated MO HealthNet patient days shall be the better of the sum of the FFS days plus managed care days or the days used in the prior SFY’s Direct Medicaid payment calculation (i.e., for SFY 2010, prior SFY would be SFY 2009) adjusted downward by twenty-five percent (25%) of the difference between the sum of the FFS days plus managed care days and the days used in the prior SFY’s Direct Medicaid payment calculation.

(i) The FFS days plus managed care days are determined as set forth in part (15)(B)2.A.(I).

(ii) The days used in the prior SFY’s Direct Medicaid payment calculation adjusted downward by twenty-five percent (25%) are determined as follows: The days used in the prior SFY’s Direct Medicaid payment calculation are compared to the sum of the FFS days plus managed care days as determined in part (15)(B)2.A.(I). If the hospital has greater estimated days as used in the prior SFY’s Direct Medicaid payment calculation than the sum of the FFS days plus managed care days as determined in part (15)(B)2.A.(I), the difference between the days is multiplied by twenty-five percent (25%) and this amount is removed from the estimated days used in the prior SFY’s Direct Medicaid payment calculation to arrive at the current year’s estimated days.

B. Effective July 1, 2010, the estimated MO HealthNet patient days shall be the better of the sum of the FFS days plus managed care days or the days used in the SFY 2009 Direct Medicaid payment calculation adjusted downward by fifty percent (50%) of the difference between the sum of the FFS days plus managed care days and the days used in the SFY 2009 Direct Medicaid payment calculation.

(i) The FFS days plus managed care days are determined as set forth in part (15)(B)2.A.(I).

(ii) The days used in the prior SFY’s Direct Medicaid payment calculation adjusted downward by fifty percent (50%) are determined as follows: The days used in the prior SFY’s Direct Medicaid payment calculation are compared to the sum of the FFS days plus managed care days as determined in part (15)(B)2.A.(I). If the hospital has greater estimated days as used in the prior SFY’s Direct Medicaid payment calculation than the sum of the FFS days plus managed care days as determined in part (15)(B)2.A.(I), the difference between the days is multiplied by fifty percent (50%) and this amount is removed from the estimated days used in the prior SFY’s Direct Medicaid payment calculation to arrive at the current year’s estimated days.

C. Effective July 1, 2011, the estimated MO HealthNet patient days shall be the better of the sum of the FFS days plus managed care days or the days used in the SFY 2009 Direct Medicaid payment calculation adjusted downward by seventy-five percent (75%) of the difference between the sum of the FFS days plus managed care days and the days used in the SFY 2009 Direct Medicaid payment calculation.

(i) The FFS days plus managed care days are determined as set forth in part (15)(B)2.A.(I).

(ii) The days used in the prior SFY’s Direct Medicaid payment calculation adjusted downward by seventy-five percent (75%) are determined as follows: The days used in the prior SFY’s Direct Medicaid payment calculation are compared to the sum of the FFS days plus managed care days as determined in part (15)(B)2.A.(I). If the hospital has greater estimated days as used in the prior SFY’s Direct Medicaid payment calculation than the sum of the FFS days plus managed care days as determined in part (15)(B)2.A.(I), the difference between the days is multiplied by seventy-five percent (75%) and this amount is removed from the estimated days used in the prior SFY’s Direct Medicaid payment calculation to arrive at the current year’s estimated days.

D. Effective July 1, 2012, the estimated MO HealthNet patient days shall be the better of the sum of the FFS days plus managed care days or the days used in the SFY 2009 Direct Medicaid payment calculation adjusted downward by seventy-five percent (75%) of the difference between the sum of the FFS days plus managed care days and the days used in the SFY 2009 Direct Medicaid payment calculation.

(i) The FFS days plus managed care days are determined as set forth in part (15)(B)2.A.(I).

(ii) The days used in the prior SFY’s Direct Medicaid payment calculation adjusted downward by seventy-five percent (75%) are determined as follows: The days used in the prior SFY’s Direct Medicaid payment calculation are compared to the sum of the FFS days plus managed care days as determined in part (15)(B)2.A.(I). If the hospital has greater estimated days as used in the prior SFY’s Direct Medicaid payment calculation than the sum of the FFS days plus managed care days as determined in part (15)(B)2.A.(I), the difference between the days is multiplied by seventy-five percent (75%) and this amount is removed from the estimated days used in the prior SFY’s Direct Medicaid payment calculation to arrive at the current year’s estimated days.

E. The trended cost per day is calculated by trending the base year costs per day by the trend indices listed in paragraph (3)(B)1., using the rate calculation in subsection (3)(A). In addition to the trend indices applied to inflate base period costs to the current fiscal year, base year costs will be further adjusted by a Missouri Specific Trend. The Missouri Specific Trend will be used to address the fact that costs for Missouri inpatient care of MO HealthNet residents have historically exceeded the compounded inflation rates estimated using national hospital indices for a significant number of hospitals. The Missouri Specific Trend will be applied at one and one-half percent (1.5%) per year to the hospital’s base year. For example, hospitals with a 1998 base year will receive an additional six percent (6%) trend, and hospitals with a 1999 base year will receive an additional four and one-half percent (4.5%) trend.

(i) Effective for dates of service beginning July 1, 2010, the Missouri Specific Trend shall no longer be applied to inflate base period costs.

F. For hospitals that meet the requirements in paragraphs (6)(A)1., (6)(A)2., and (6)(A)4. of this rule (safety net hospitals), the base year cost report may be from the third prior year, the fourth prior year, or the fifth prior year. For hospitals that meet the requirements in paragraphs (6)(A)1. and (6)(A)3. of this rule (first tier Disproportionate Share Hospitals), the base year operating costs may be the third or fourth prior year cost report. The MO HealthNet Division shall exercise its sole discretion as to which report is most representative of costs. For all other hospitals, the base year operating costs are based on the fourth prior year cost report. For any hospital that has both a twelve (12)-month cost report and a partial year cost report, its base period cost report for that year will be the twelve (12)-month cost report.

G. The trended cost per day does not include the costs associated with the FRA assessment, the application of minimum utilization, the utilization adjustment, and the poison control costs computed in paragraphs (15)(B)1., 3., 4., and 5.:
provide as a result of the managed care health plans limiting inpatient hospital services. These days are multiplied by the hospital’s cost per day to determine the total cost associated with these days. This cost is divided by the remaining total patient days from its base period cost report to arrive at the increased cost per day. This increased cost per day is multiplied by the estimated MO HealthNet days for the current SFY to arrive at the MO HealthNet utilization adjustment.

1. Hospitals receiving Direct Medicaid payments shall be divided into quartiles based on total beds:
   1. Direct Medicaid payments shall be individually summed by quartile and then divided by the total beds in the quartile to yield an average Direct Medicaid payment per bed;
   2. The number of beds for the new hospital without the base cost report shall be multiplied by the average Direct Medicaid payment per bed to determine the hospital’s estimated Direct Medicaid payment for the current state fiscal year;

4. For a new hospital licensed after February 1, 2007, estimated total Direct Medicaid payments for the current state fiscal year shall be divided by the estimated MO HealthNet patient days for the new hospital’s quartile to obtain the estimated Direct Medicaid adjustment per patient day. This adjustment per day shall be added to the new hospital’s MO HealthNet rate as determined in section (4), so that the hospital’s Direct Medicaid payment per day is included in its per diem rate, rather than as a separate Add-On payment. When the hospital’s per diem rate is determined from its fourth prior year cost report in accordance with sections (1)–(3), the facility’s Direct Medicaid payment will be calculated in accordance with subsection (15)(B) and reimbursed as an Add-On payment rather than as part of the per diem rate. If the hospital is defined as a critical access hospital, its MO HealthNet per diem rate and Direct Medicaid payment will be determined in accordance with subsection (5)(F).

5. 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, shall have its Direct Medicaid payments determined in accordance with subsection (15)(C).

(A) The safety net adjustment for facilities which qualify under subparagraph (6)(A)4.B. or (6)(A)4.C. of this regulation shall be computed in accordance with the Direct Medicaid payment calculation described in section (15) and the uninsured costs calculation described in subsection (18)(D) of this regulation. The safety net adjustment will include the last three (3) quarters of the SFY ending June 30 and the first quarter of the next SFY beginning July 1 to correspond with the FFY of October 1 to September 30.

(B) The safety net adjustment for facilities which qualify under subparagraph (6)(A)4.D. of this regulation shall be computed in accordance with the Direct Medicaid payment calculation described in section (15) and up to one hundred percent (100%) of the uninsured costs calculation described in subsection (18)(B) of this regulation. The safety net adjustment will include the last three (3) quarters of the SFY ending June 30 and the first quarter of the next SFY beginning July 1 to correspond with the FFY of October 1 to September 30.

(C) The state share of the safety net adjustment for hospitals described in subparagraphs (6)(A)4.A. and (6)(A)4.D. shall come from cash subsidy (CS) certified by the hospitals. If the aggregate CS are less than the state match required, the total aggregate safety net adjustment will be adjusted downward accordingly, and distributed to the hospitals in the same proportions as the original safety net adjustments.

(D) Notwithstanding subsection (16)(B), the safety net adjustment for governmental facilities in state fiscal year 2004 and 2005 shall be up to one hundred seventy-five percent (175%) of the uninsured costs calculation described in subsection (18)(B) subject to the state’s disproportionate share allotment and Institution for Mental Diseases (IMD) cap. The safety net adjustment shall be on a state fiscal year basis in these years.

(17) OBRA 93 Limitation. In accordance with OBRA 93, disproportionate share payments shall not exceed one hundred percent (100%) of the unreimbursed cost for MO HealthNet and the cost of the uninsured, unless otherwise permitted by federal law.

(18) In accordance with state and federal laws regarding reimbursement of unreimbursed costs and the costs of services provided to uninsured patients, reimbursement for each State Fiscal Year (SFY) (July 1–June 30) shall be determined as follows:
(A) Medicaid Add-Ons for Shortfall. The Medicaid Add-On for the period of July 1, 1998 to December 31, 1998 will be based on fifty percent (50%) of the unreimbursed Medicaid costs as calculated for SFY 98 (Medicaid Shortfall); and

(B) Uninsured Add-Ons. The hospital shall receive eighty-nine percent (89%) of the uninsured costs prorated over the SFY. Hospitals which contribute through a plan approved by the director of health to support the state's poison control center, the Primary Care Resource Initiative for Missouri (PRIMO), and Patient Safety Initiatives shall receive ninety percent (90%) of its uninsured costs prorated over the SFY. DMH hospitals shall receive up to one hundred percent (100%) of their uninsured costs. The uninsured Add-On will include:

1. The Add-On payment for the cost of the uninsured will be based on a three (3)-year average of the fourth, fifth, and sixth prior base year cost reports. For any hospital that has both a twelve (12) month cost report and a partial year cost report, its base period cost report for that year will be the twelve (12) month cost report. Cost of the uninsured is determined by multiplying the charges for charity care and allowable bad debts by the hospital's total cost-to-charge ratio for allowable hospital services from the base year cost report's desk review. The cost of the uninsured is then trended to the current year using the trend indices reported in subsection (3)(B). Allowable bad debts do not include the costs of caring for patients whose insurance covers the particular service, procedure, or treatment;

2. An adjustment to recognize the uninsured patients' share of the FRA assessment not included in the desk-reviewed cost. The FRA assessment for uninsured patients is determined by multiplying the current FRA assessment by the ratio of uninsured days to total inpatient days from the base year cost report;

3. The difference in the projected General Relief per diem payments and trended costs for General Relief patient days;

4. The increased costs per day resulting from the utilization adjustment in subsection (15)(B) is multiplied by the estimated uninsured days; and

5. Notwithstanding any other provision, the Add-On payment for the cost of the uninsured for any public hospital that is not a safety net hospital in state fiscal year 2004 and 2005 shall be up to one hundred seventy-five percent (175%) of the uninsured costs calculation described in this paragraph subject to the state's disproportionate share allotment and IMD cap. The Add-On for hospitals other than safety net hospitals shall be on a state fiscal year basis in these years.

(C) For new hospitals that do not have a base cost report, uninsured payments shall be estimated as follows:

1. Hospitals receiving uninsured payments shall be divided into quartiles based on total beds;

2. Uninsured payments shall be individually summed by quartile and then divided by the total beds in the quartile to yield an average uninsured payment per bed;

3. The numbers of beds for the new hospital without the base cost report shall be multiplied by the average uninsured payment per bed; and

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, shall have its uninsured payments determined in accordance with subsection (18)(C).

(D) Uninsured Add-Ons effective July 1, 2005 for all facilities except DMH safety net facilities as defined in subparagraph (6)(A)4.D. DSH safety net facilities will continue to be calculated in accordance with subsection (18)(B). The Uninsured Add-On for all facilities except DMH safety net facilities will be based on the following:

1. Determination of the cost of the uninsured:

   A. Allocate the uninsured population as determined from the Current Population Survey (CPS), Annual Social and Economic Supplement (Table H105) as published by the U.S. Census Bureau, to the same categories of age (COA) and age groups as the managed care rate cells as determined by the Managed Care Unit of the MO HealthNet Division;

   B. Determine the total annual projected cost of the uninsured population by multiplying the number of uninsured for each rate cell by the average contract per member per month (PMPM) for that individual managed care rate cell multiplied by twelve (12); and

   C. Determine the amount of the total annual projected cost of the uninsured population that is related to hospital services by multiplying the total annual projected cost of the uninsured population as calculated in paragraph (18)(D)1. above by the percentage of the contract PMPM for each individual rate cell that is related to hospital services. This would be the maximum amount of uninsured add-on payments that could be made to hospitals. This amount is also subject to the DSH cap; 2. Proration to individual hospitals of the cost of the uninsured calculated in paragraph (18)(D)1.

   A. Determine each individual hospital’s Uninsured Add-On payment by dividing the individual hospital’s uninsured cost as determined from the three (3)-year average of the fourth, fifth, and sixth prior base-year cost reports by the total uninsured cost for all hospitals as determined from the three (3)-year average of the fourth, fifth, and sixth prior base-year cost reports, multiplied by either the total annual projected cost of the uninsured population that is related to hospital services or the DSH cap for hospitals whichever is lower. The DSH cap for hospitals is the federal DSH allotment less the IMD allotment less other DSH expenditures.

   B. Hospitals which qualify as safety net hospitals under subparagraphs (6)(A)4.B. and C. shall receive payment of one hundred percent (100%) of their proration. The percentage of proration payable to non-safety net hospitals shall be eighty-nine percent (89%), unless the hospital contributes through a plan that is approved by the director of the Department of Health and Senior Services to support the state’s poison control center and the Primary Care Resource Initiative for Missouri (PRIMO), in which case they shall receive ninety percent (90%);

   3. For new hospitals that do not have a base cost report, uninsured payments shall be estimated as follows:

   A. Hospitals receiving uninsured payments shall be divided into quartiles based on total beds;

   B. Uninsured payments shall be individually summed by quartile and then divided by the total beds in the quartile to yield an average uninsured payment per bed; and

   C. The numbers of beds for the new hospital without the base cost report shall be multiplied by the average uninsured payment per bed.

(3) DSH cap for hospitals. This amount is also subject to the DSH cap. The Add-On for all facilities except DMH safety net facilities will be based on the following:

1. Determination of the cost of the uninsured:

   A. Allocate the uninsured population as determined from the Current Population Survey (CPS), Annual Social and Economic Supplement (Table H105) as published by the U.S. Census Bureau, to the same categories of age (COA) and age groups as the managed care rate cells as determined by the Managed Care Unit of the MO HealthNet Division;

   B. Determine the total annual projected cost of the uninsured population by multiplying the number of uninsured for each rate cell by the average contract per member per month (PMPM) for that individual managed care rate cell multiplied by twelve (12); and

   C. Determine the amount of the total annual projected cost of the uninsured population that is related to hospital services by multiplying the total annual projected cost of the uninsured population as calculated in paragraph (18)(D)1. above by the percentage of the contract PMPM for each individual rate cell that is related to hospital services. This would be the maximum amount of uninsured add-on payments that could be made to hospitals. This amount is also subject to the DSH cap;
care rate cells as determined by the Managed Care Unit of the MO HealthNet Division;

B. Determine the total annual project-
ed cost of the uninsured population by multi-
plying the number of uninsured for each rate
cell by the average contract per member per
month (PMPM) for that individual managed care
cell multiplied by twelve (12); and

C. Determine the amount of the total
annual projected cost of the uninsured popu-
lation that is related to hospital services by
multiplying the total annual projected cost of
the uninsured population as calculated in
paragraph (18)(E)1. above by the percentage of
the contract PMPM for each individual rate
cell that is related to hospital services.
This would be the maximum amount of un-
sure add-on payments that could be made to
hospitals. This amount is also subject to the
DSH cap; and

2. Proration to individual hospitals of
the cost of the uninsured calculated in para-
graph (18)(E)1.—

A. Determine each individual hospi-
tal’s Uninsured Add-On payment by divid-
ing the individual hospital’s uninsured cost as
determined from the three (3)-year average of
the fourth, fifth, and sixth prior base-year
cost reports by the total uninsured cost for
all hospitals as determined from the three (3)-
year average of the fourth, fifth, and sixth
prior base-year cost reports, multiplied by
the total annual projected cost of the un-
sure population that is related to hospi-
tal services or the DSH cap for hospitals,
whichever is lower. The DSH cap for hospi-
tals is the federal DSH allotment less the
IMD allotment less any redirections of DSH
for Medicaid coverage of uninsured individu-
als as authorized by appropriation.

B. Hospitals which qualify as safety
net hospitals under subparagraphs (6)(A)4.B.
and C. shall receive payment up to one hun-
dred percent (100%) of their proration. The
percentage of proration payable to non-safety
net hospitals shall be up to ninety-nine per-
cent (99%), unless the hospital contributes
through a plan that is approved by the direc-
tor of the Department of Health and Senior
Services to support the state’s poison control
center and the Primary Care Resource
Initiative for Missouri (PRIMO) and Patient
Safety Initiative, in which case they shall
receive up to one hundred percent (100%).

3. For new hospitals that do not have a
base-year cost report, uninsured payments
shall be estimated as follows:

A. Hospitals receiving uninsured pay-
ments shall be divided into quartiles based on
total beds;

B. Uninsured payments shall be indi-
vidually summed by quartile and then divid-
ed by the total beds in the quartile to yield an
average uninsured payment per bed; and

C. The numbers of beds for the new
hospital without the base cost report shall be
multiplied by the average uninsured payment
per bed.

(F) Uninsured Add-On payments will coin-
cide with the semimonthly claim payment
schedule established by the MO HealthNet
fiscal agent. Each hospital’s semimonthly
add-on payment shall be the hospital’s total
cost of the uninsured as determined in section
(18) divided by the number of semimonthly
pay dates available to the hospital in the state
fiscal year.

(19) MO HealthNet GME Add-On—A MO
HealthNet Add-On determined for Graduate
Medical Education (GME) costs shall be
allocated based on the estimated effect of
implementation of a MO HealthNet managed
care system in accordance with this section.

(A) The MO HealthNet GME Add-On for
MO HealthNet participants covered under a
Managed Care Plan shall be determined using
the base year cost report and paid in
quarterly installments. The base year cost
report shall be the fourth prior fiscal year
(i.e., the base year for SFY 1999 is the FY
1995 cost report). The hospital per diem shall
continue to include a component for GME
related to MO HealthNet participants not
included in a managed care system.

1. Total GME cost shall be multiplied by
a managed care allocation factor which incor-
porates the estimated percentage of the hospi-
tal’s MO HealthNet population included in a
managed care system and the estimated
implementation date for a managed care sys-
tem. For example: If a hospital has 1) an
annual GME cost of one hundred thousand
dollars ($100,000), 2) forty percent (40%) of
their MO HealthNet days are related to MO
HealthNet managed care, and 3) the project-
ed implementation date for managed care is
October 1, 1995; the prorated GME Add-On
is thirty thousand dollars ($30,000).

2. The annual GME Add-On shall be
paid in quarterly installments.

(D) Merger of Children’s Acute Care
Hospital. When an acute care children’s hospi-
tal merges with another acute care hospital,
all the provisions in subsection (20)(A) shall
apply, except the MO HealthNet provider num-
er for the children’s hospital will
remain active. The only payments made
under the children’s provider number will be
the per diem and outpatient payments. The
Direct Medicaid payments and Uninsured
Add-On payments will be made under the
MO HealthNet number associated with the
surviving Medicare provider number.

(E) Merger of State Hospitals.

1. A state hospital is defined as a hospi-
tal which is either owned or operated by the
DMH or owned or operated by the board of
curators as provided for in Chapters 172 and
199, RSMo.

2. When a hospital owned or operated
by the DMH merges with a hospital owned
or operated by the board of curators, the per
diem rate effective with the date of the merg-
er shall be the surviving state hospital’s per
diem rate prior to the merger and not calcu-
lated as defined in subsection (20)(B).

3. When a hospital owned or operated
by the DMH merges with a hospital owned or
operated by the board of curators, the Direct Medicaid Payments effective with the date of merger shall be calculated using the surviving state hospital’s trended cost per day from the surviving hospital’s base-year cost report, the surviving hospital’s per diem rate, and the combined estimated MO HealthNet patient days for both hospitals.

4. When a hospital owned or operated by the DMH merges with a hospital owned or operated by the board of curators, the Uninsured Add-Ons effective with the date of the merger shall be the Uninsured Add-On for the surviving hospital as determined from the surviving hospital’s base-year cost reports in accordance with subsection (18)(D).

(21) Enhanced Graduate Medical Education (GME) Payment—An enhanced GME payment shall be made to any acute care hospital that provides graduate medical education (teaching hospital).

(A) The enhanced GME payment shall be computed in accordance with subsection (21)(B). The payment shall be made at the end of the state fiscal year. The enhanced GME payment for each state fiscal year shall be computed using the most recent cost data available when the enhanced GME payment is computed. If the cost report is less than or more than a twelve (12)-month period, the cost report data will be adjusted to reflect a twelve (12)-month period. The state share of the enhanced GME payment to a hospital that has cash subsidies shall come from funds certified by the hospital.

(B) The enhanced GME payment will be computed by first determining the percentage difference between the McGraw-Hill CPI index for hospital services and Medicaid update factors applied to the per resident amounts from 1986 to the most recent SFY. For example, the percentage difference has been computed to be eighty-five and sixty-two one-hundredth percent (85.62%) for SFY 2000. The percentage difference is then multiplied by the MO HealthNet share of the aggregate approved amount reported on worksheet E-3 part IV of the Medicare cost report (HCFA 2552-96) for the fourth prior fiscal year and trended to the current state fiscal year. The resulting product is the enhanced GME payment.

13 CSR 70-15.020 Procedures for Admission Certification, Continued Stay Review and Validation Review of Hospital Admissions

PURPOSE: The MO HealthNet Division establishes admission certification and validation procedures on which hospitals furnishing inpatient care to MO HealthNet participants will be reviewed to determine that admissions are medically necessary and appropriate for inpatient care.

(1) The following definitions will be used in administering this rule:

(A) Admission. Admission means the act of registration and entry into a general medical and surgical, psychiatric or rehabilitation hospital on the order of a qualified medical practitioner having privileges of admission for the purpose of providing inpatient hospital services under the supervision of a physician member of the hospital’s medical staff;

(B) Admission certification. Admission certification means the determination by the medical review agent, as transmitted to the hospital/physician and the fiscal agent, that the admission of a participant for inpatient hospital services is approved as medically necessary, reasonable and appropriate as to placement at an acute level of care;

(C) Admitting diagnosis. Admitting diagnosis means the physician’s tentative or provisional diagnosis of the participant’s condition as a basis for examination and treatment when the physician requests admission certification;

(D) Admitting physician. Admitting physician means the physician who orders the participant’s admission to the hospital;

(E) Certification number. Certification number means the number issued by the medical review agent that establishes that, based upon information furnished by the provider, a participant’s admission for inpatient hospital services is approved as medically necessary;

(F) Department. Department means the Missouri Department of Social Services;

(G) Emergency admission. Emergency admission means an admission that occurs within fifteen (15) days of a discharge; a serious medical condition manifests itself by acute symptoms of sufficient severity (including severe pain) that absence of immediate medical attention could reasonably be expected to result in placing the patient’s health in serious jeopardy, serious impairment to bodily function or serious dysfunction of any bodily organ or part;

(H) Fee for service. Fee for service refers to participants and/or services not included in the MC+ Missouri Managed Care program or other prepaid health plans;

(I) Inpatient hospital service. Inpatient hospital service means a service provided by or under the supervision of a physician after a participant’s admission to a hospital and furnished in the hospital for the care and treatment of the participant;

(J) MC+, MC+ is the Missouri MO HealthNet “Managed Care Plus” program under which some MO HealthNet participants are enrolled with a health plan who contract with the department to provide a package of MO HealthNet benefits for a monthly fee per enrollee;

(K) Medical record. Medical record means all or any portion of the medical record as requested by the medical review agent;

(L) Medical review agent. Medical review agent means the state’s representative who is authorized to make decisions about admission certifications and validation reviews;

(M) Medically necessary. Medically necessary means an inpatient hospital service that is consistent with the participant’s diagnosis and condition and in accordance with the criteria as specified by the department;

(N) Nurse reviewer. Nurse reviewer means a person who is employed by or under contract with the medical review agent and who is licensed to practice professional nursing in Missouri;

(O) Pertinent information. Pertinent information means any information that the physician, hospital or participant feels may justify or qualify the hospitalization;

(P) Physician reviewer. Physician reviewer means a physician who is a peer of the admitting/attending physician or who specializes in the type of care under review. Exceptions will be made only if the efficiency or effectiveness of the review would be compromised, but in every situation the review will be performed by a physician;

(Q) Readmission. Readmission means an admission that occurs within fifteen (15) days of a discharge of the same participant from the same or a different hospital. The fifteen (15)-day period does not include the day of discharge or the day of readmission;

(R) Participant. Participant means a person who has applied and been determined eligible for MO HealthNet benefits;

(S) Reconsideration. Reconsideration means a review of a denial or withdrawal of admission certification;

(T) Required information. Required information means the information to be provided by the physician or hospital to obtain a preadmission or postadmission certification, which includes participant, physician and hospital identifying information, admission date, etc.


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admission diagnosis, procedures, surgery date, indications for inpatient setting and plan of care;

(U) Transfer. Transfer means the movement of a participant after admission from one (1) hospital directly to another or within the same facility;

(V) Urgent admission. Urgent admission means a case which requires prompt admission to the hospital to prevent deterioration of a medical condition from an urgent to an emergency situation; and

(W) Validation review. Validation review means a review conducted after admission certification has been approved. The review is focused on validating the admitting information and confirming the determination of medical necessity of the admission.

(2) All admissions of MO HealthNet participants to MO HealthNet participating hospitals in Missouri and bordering states are subject to admission certification procedures and validation review with the following exceptions as specified in Missouri MO HealthNet provider manuals or bulletins:

(A) Admissions of participants enrolled in a MO HealthNet prepaid health plan;

(B) Admissions of participants eligible for both Part A Medicare and MO HealthNet;

(C) Admissions for deliveries;

(D) Admissions for newborns; and

(E) Admissions for certain pregnancy-related diagnoses. The diagnoses codes for deliveries, newborns and pregnancy-related conditions are as published in the ICD-9-CM (Internal Classification of Diseases, 9th Revision, Clinical Modification). Admissions with diagnoses codes for missed abortion, pregnancy with abortive outcome and postpartum condition or complication will continue to require admission certification and validation review.

(3) The admission certification procedure and validation review will be performed by a medical review agent. The confidentiality of all information shall be adhered to in accordance with section 208.155, RSMo and Title 42, Code of Federal Regulations part 431, subpart F. The medical review agent’s decisions related to certification or noncertification of MO HealthNet admissions are advisory in nature. The department is the final payment authority. The medical review agent’s review decisions will be used as the basis for MO HealthNet reimbursement.

(4) The types of certification and review include:

(A) Preadmission certification of nonemergency (elective) admissions of MO HealthNet participants with established eligibility on date of admission;

(B) Postadmission certification of emergency and urgent admissions of MO HealthNet participants with established eligibility on date of admission;

(C) Retrospective certification if the following occurs:

1. The request for preadmission or postadmission certification is not obtained in a timely manner as stated in subsection (5)(A) or (B); or

2. Participant eligibility is not established on or by date of admission;

(D) Retrospective validation review of sample cases to assure information provided during admission certification is substantiated by documentation in the medical record; and

(E) A review of quality will be performed for those cases selected as part of the focused and random validation and Certification of Need Samples. Potential quality issues that represent a minor or less than serious risk to a patient will not be pursued. However, potentially serious quality issues will proceed through three (3) levels of specialty physician review if the issue is upheld by the physician reviewers at the first and second level physician review.

(5) Time requirements for the certification procedures are as follows:

(A) Physician or hospital notification to the medical review agent of the occurrence of an emergency or urgent admission is required by the end of the first full working day after the date of the actual admission;

(B) Physician or hospital notification to the medical review agent of a planned elective admission must occur no later than two (2) full working days prior to the date of the planned admission;

(C) The medical review agent will determine the medical necessity of admissions specified in subsections (4)(A) and (B) within two (2) working days after receipt of all required information from the physician or hospital;

(D) The hospital shall submit, at its own expense, the participant’s medical record to the medical review agent for retrospective certification if the following criteria in section (6) are met or within twenty-five (25) working days if the case is referred to a physician reviewer.

(6) The criteria to be used in the admission certification and validation review are as follows:

(A) The severity of illness/intensity of service (SI/IS) criteria set includes adult and pediatric criteria for general medical care admissions;

(B) Supplemental criteria sets are included for adult and child psychiatric care, rehabilitation care and alcohol/drug abuse treatment;

(C) Ambulatory procedure screening criteria is used in screening admissions for procedures on the MO HealthNet outpatient surgery list; and

(D) Urgent/emergency criteria are used as guidelines for determination of type of admission and are defined in section (1).

(7) The admission certification procedure is as follows:

(A) Certification requests can be made in the following manner:

1. For preadmission and postadmission certification, the physician or hospital contacts the medical review agent to provide the required information to obtain certification; or

2. For retrospective certification, the hospital submits, at its own expense, the participant’s medical record to the medical review agent to obtain certification which includes the emergency room record; history and physical; any operative, pathology or consultation reports; the first three (3) days of physician orders, progress notes, nurses’ notes, graphic vital signs, medication sheets and diagnostic testing results;

(B) Initial screening of information is conducted by nurse reviewers using the criteria in section (6) as appropriate to the case under review;

(C) If the medical information submitted regarding the patient’s condition and planned services meets the applicable criteria in section (6), the approval decision and a unique certification number are communicated to the physician and hospital;

(D) If the applicable criteria in section (6) are not met, the nurse reviewer refers the case to a physician reviewer for a medical necessity determination. The physician reviewer is not bound by any criteria and makes the determination based on medical facts in the case using his/her medical judgment;

(E) If the physician reviewer approves the admission, the approval determination and
unique certification number are communicated to the physician and hospital;

(F) The physician will be contacted prior to a denial determination and allowed the opportunity to provide additional information. This additional information will be considered by the physician reviewer prior to a determination to approve or deny admissions. Determination decisions will be communicated as follows:

1. If the admission is approved, the approval determination and unique certification number are communicated to the physician and hospital; and

2. Denial determinations are communicated to the physician, hospital and participant;

(G) The physician, hospital or participant who is dissatisfied with an initial denial determination is entitled to a reconsideration by the medical review agent as outlined in section (8); and

(H) If inpatient admission is approved and surgery is planned, day of surgery admission will be required unless the physician reviewer approves a preoperative day for evaluating concurrent medical conditions or other risk factors.

(8) Reconsideration Requests. The medical review agent’s denial decisions relate to medical necessity and appropriateness of the inpatient setting in which services were furnished or are proposed to be furnished. The procedure to request reconsideration of an initial denial determination is as follows:

(A) Time Requirements.

1. To request a reconsideration for a patient prior to admission or for a patient still in the hospital, the provider should telephone a request to the medical review agent. In either of these situations, the request for reconsideration must be received within three (3) working days of receipt of the written denial notice. In order to expedite the process, the provider must indicate that this is a request for a reconsideration. The medical review agent will complete the reconsideration review and issue a determination within three (3) working days of receipt of the request and all pertinent information; and

2. If the patient has been discharged from the hospital, the provider must submit a request for reconsideration in writing or by facsimile (FAX). This reconsideration cannot be requested by telephone. The request must be made within sixty (60) calendar days of receipt of the written denial notice. The medical review agent will complete the reconsideration review within thirty (30) days after receipt of the request for reconsideration, medical records and all pertinent information. A written notice will be issued to the participant, physician and hospital within three (3) days after the reconsideration is completed;

(B) The reconsideration shall consist of a review of all medical records and additional documentation submitted by any one of the parties to the initial denial notice;

(C) The reconsideration will be conducted by a physician reviewer who has had no previous involvement in the case;

(D) Reconsideration determination by the medical review agent is the final level of the review for the provider. The division will accept the medical review agent’s decision; and

(E) If the participant disagrees with a reconsideration denial by the medical review agent, s/he has the right to a fair hearing under sections 208.080, RSMo and 208.156, RSMo.

(9) Validation Sample of Approved Admissions.

(A) A quarterly validation sample of approved admissions will be selected to ensure that the information provided during the certification process is substantiated by documentation and clinical findings in the medical record.

(B) The sample size is a random sample of five percent (5%) of the medical review agent’s certified admissions.

(C) For admissions subject to review, the medical review agent will request medical records. Providers have thirty (30) calendar days from the date of request to submit documentation. At rates determined by the medical review agent, provider costs associated with submission of requested documentation will be reimbursed. Records not received within the thirty (30) days will result in the admission being denied.

(D) Admission certification is not a guarantee of MO HealthNet payment. If the information provided during the certification process cannot be validated in the medical record by a nurse reviewer using the criteria in section (6), or was false, misleading or incomplete, the case will be referred to a physician reviewer for a medical necessity determination. The physician reviewer is not bound by any criteria and makes the determination based on medical facts in the case using his/her medical judgment.

(E) The physician or hospital will be allowed an opportunity to respond to a proposed denial prior to issuance of a final denial notice.

(F) If the physician reviewer determines the admission was not medically necessary, a denial notice will be issued to all parties. Reconsideration procedures in section (8) apply to this review.

(G) A validation review determination of denial will result in recovery of MO HealthNet payments in accordance with 13 CSR 70-3.030. Overpayment determinations may be appealed to the Administrative Hearing Commission within thirty (30) days of the date of the notice letter if the sum in dispute exceeds five hundred dollars ($500).

(H) Review of the quality of care will also be performed on the validation review sample for admissions on or after August 1, 1996. Potentially serious quality of care issues identified by the nurse reviewer will be referred to a physician of the medical review agent.

(10) As specific in relation to administration of the provisions of this rule and not otherwise inconsistent with participant liability as determined under provisions of 13 CSR 70-4.030, participant liability issues for admission certification and validation review are as follows:

(A) The participant is liable for inpatient hospital services in the following circumstances:

1. When the preadmission request for certification is denied and the participant is notified of the denial but the participant chooses to be admitted, s/he is liable for all days;

2. When a postadmission request for certification of an admission is denied, the participant is liable for those days of inpatient hospital service provided after the date of the notification to him/her of the denial;

3. When the participant’s eligibility was not established on or by the date of admission and the request for certification is denied, the participant is liable for all days; and

4. When the participant has signed a written agreement with the provider indicating that MO HealthNet is not the intended payer for the specific item or service, s/he is liable for all days. The agreement must be signed prior to receiving the services. In this situation, the participant accepts the status and liabilities of a private pay patient in accordance with 13 CSR 70-4.030;

(B) The participant is not liable for inpatient hospital services in the following circumstances:

1. When the provider fails to comply with preadmission certification requirements, the participant is not liable for any days;

2. When a postadmission request for certification of an admission is denied, the participant is not liable for those days of inpatient hospital service provided prior to and including the date of the notification to him/her of the denial; and

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3. When the medical review agent performs a validation review as provided in section (9) of this rule and determines an admission was not medically necessary for inpatient services, the participant is not liable for any days.

(11) Continued stay reviews will be performed for all other fee-for-service Missouri MO HealthNet participants subject to admission certification to determine that services are medically necessary and appropriate for inpatient care. The continued stay review procedure is as follows:

(A) When extended hospitalization is indicated beyond the initial length of stay assigned by the medical review agent, the hospital and attending physician are required to provide additional medical information to warrant the continued hospital stay as well as request the number of additional days needed;

(B) The nurse reviewer applies the severity of illness/intensity of services (SI/IS) criteria as described in section (6) of this rule. If the case meets intensity of services criteria, an appropriate extension is assigned up to the length-of-stay (LOS) seventy-fifth percentile;

(C) A physician will review cases when continued stay is requested beyond the seventy-fifth percentile. The physician reviewer shall approve or deny the continued stay days;

(D) The requesting physician and hospital are notified of the review decision as stated in section (7) of this rule; and

(E) Sections (8)–(10) of this rule apply to continued stay reviews.

(12) Continued stay reviews will be performed for diagnosis relating to alcohol and drug abuse, ICD 9-CM diagnosis codes in the ranges of 291, 292, 303, 304 and 305 for admission of July 15, 1991, and after that to determine that services are medically necessary and appropriate for inpatient care. The continued stay review procedure for alcohol and drug abuse detoxification services is as follows:

(A) At the time of admission certification, as described in section (7) of this rule, the hospital or attending physician shall specify the anticipated medically necessary length-of-stay;

(B) If the applicable criteria in section (6) of this rule are met, the nurse reviewer shall assign a number of days not to exceed three (3) days;

(C) If an extension of services is required, the hospital or attending physician shall contact the medical review agent to request additional days for inpatient hospital care. If the applicable criteria in section (6) of this rule are met, the nurse reviewer shall assign a total length-of-stay days not to exceed five (5) days;

(D) If either the applicable criteria in section (6) of this rule are met or the total length-of-stay exceeds five (5) days, the case shall be referred to a physician reviewer. The physician reviewer is not bound by the criteria in section (6) of this rule and makes the determination based on medical facts in the case using his/her medical judgment. The physician reviewer shall approve or deny the admission or continued stay days;

(E) The physician and hospital are notified of the review decision as stated in section (7) of this rule; and

(F) Sections (8)–(10) of this rule apply to continued stay reviews.

(13) Large case management will be performed for fee-for-service participants with potentially catastrophic conditions whenever specific trigger diagnoses or other qualifying events are met.

(A) Large case management procedures for fee-for-service participants are as follows:

1. Preadmission review nurses identify patients who may qualify and benefit from case management, and refer to a case manager of the medical review agent. Cases include but are not limited to the following:

   A. Patients with high costs or anticipated high costs; or
   B. Patients with repeated admissions or unusually long lengths-of-stay; or
   C. Patients who encounter significant variances from the intervention or from expected outcomes associated with a clinical path; or
   D. Patients who meet one (1) or more of the indicators on the Trigger Diagnosis/Qualifying Events list;

2. The medical review agent will complete an initial screening which will include a review of the medical information, and interviews with the health care providers and patient if needed or feasible;

3. An in-depth assessment will be conducted, which will include evaluation of the patient’s health status, health care treatment and service needs, support system, home environment and physical and psychosocial functioning. The assessment will be used to recommend one (1) of the following:

   A. Reassessment later; or
   B. No potential for case management; or
   C. Active monitoring in anticipation of a future plan for alternative treatment; or
   D. An alternative treatment plan is indicated;

4. If an alternative treatment plan is indicated, the medical review agent will collaborate with the patient’s attending physician to develop an alternative treatment plan. The attending physician is responsible for implementation of the alternative treatment plan; and

5. The medical review agent will monitor and assess the effectiveness of the case management and will report to the state.

(14) Psychiatric admissions for MO HealthNet participants twenty-one (21) and over enrolled in a MC+ health plan who have exceeded the thirty (30) inpatient days.twenty (20) outpatient days limitation of behavioral health care in a plan year will be subject to a retrospective postpayment utilization/quality of care review by the medical review agent. The objectives of this review focus are to collect data on potentially medically unnecessary inpatient days of care to assist the division in projecting potential expenditures that could be made available for outpatient care, assuring that inpatient care is of acceptable quality, identify social or placement problems when post-hospital psychiatric services are needed, and monitor and report health plan compliance to notification requirements for enrollees meeting the thirty.twenty (30/20) cap.


*Original authority: 208.201, RSMo 1987.

13 CSR 70-15.030 Limitations on Payment for Inpatient Hospital Care

PURPOSE: This rule establishes a limitation on admissions occurring on Friday or Saturday for inpatient hospital care and on the number of days of preoperative inpatient hospital care which may be paid for by Title XIX Medicaid on behalf of eligible recipients. Budgetary limitations necessitate the restriction.

PUBLISHER’S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State.
State. Any interested person may view this material at either agency’s headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) For inpatient hospital admissions that have been certified under 13 CSR 70-15.020 and for admissions that do not require certification, the number of days which Medicaid will cover for each admission and continuous period of hospitalization shall be limited to the lowest of subsection (1)(A), (B) or (C).

(A) The number of days indicated as appropriate in accordance with the length-of-stay schedule as set forth in paragraph (1)(A)1. with the exception of those specific diagnoses for which a length-of-stay schedule has been developed by the Medicaid agency, as set forth in paragraphs (1)(A)2. and 3., or as stated in paragraph (1)(A)4., or as established in 13 CSR 70-15.020 and as stated in paragraph (1)(A)5.

1. For the diagnosis at the 75th percentile average length-of-stay in the 1988 edition of the Length of Stay by Diagnosis for the United States, North Central Region for claims and adjustments processed for payment on or after January 1, 1990.

2. A length-of-stay schedule, as developed by the Medicaid agency, for limited categories of rehabilitation diagnoses provided in facilities which meet the following criteria:
   A. Medicare certification of ten (10) beds or more as a rehabilitation hospital or a rehabilitation distinct part which is exempt from the Medicare prospective rate-setting system; or
   B. Certification of ten (10) beds or more by the Commission for Accreditation of Rehabilitation Facilities.

Diagnosis Description and Days

Spinal cord injury—quadriplegia—thirty (30) days
Spinal cord injury—cervical fracture—twenty-five (25) days
Spinal cord injury—paraplegia—thirty (30) days
Spinal cord injury—hemiplegia—twenty-five (25) days
Cerebral vascular accident—twenty-nine (29) days
Head trauma—thirty-five (35) days
Muscular dystrophy—twenty (20) days
Orthopedic trauma—arm—twenty-nine (29) days
Orthopedic trauma—leg—twenty-nine (29) days
Late effect of injury to the nervous system—thirty (30) days

Degenerative joint disease—twenty (20) days.

3. An average length-of-stay schedule, as developed by the Medicaid agency, for liveborn infants according to type of birth.

Diagnosis Description, Code and Days

V3000, V3900
Single diagnosis, not operated—three (3) days
Single diagnosis, operated—four (4) days
Multiple diagnosis, not operated—four (4) days
Multiple diagnosis, operated—ten (10) days
V3001, V3101, V3201, V3301, V3401, V3501, V3601, V3701, V3901
Single diagnosis, not operated—three (3) days
Single diagnosis, operated—three (3) days
Multiple diagnosis, not operated—five (5) days
Multiple diagnosis, operated—fifteen (15) days
V3100, V3200, V3300, V3400, V3500, V3600, V3700
Single diagnosis, not operated—four (4) days
Single diagnosis, operated—four (4) days
Multiple diagnosis, not operated—seven (7) days
Multiple diagnosis, operated—twelve (12) days
V301, V311, V321, V331, V341, V351, V361, V371, V391
Single diagnosis, not operated—two (2) days
Single diagnosis, operated—two (2) days
Multiple diagnosis, not operated—four (4) days
Multiple diagnosis, operated—fifteen (15) days

Any liveborn low birthweight (under two thousand grams (2,000 g)) born in a hospital or before admission to a hospital, single or multiple diagnosis, operated or not operated, may be billed under the code GRO. All inpatient days to and including the day on which the infant reaches two thousand grams (2,000 g) weight will be paid. Use of this code will require attachment to the claim of medical chart progress notes which show the date on which this weight is attained.

4. For infants who are less than one (1) year of age at admission, all medically necessary days will be paid. Use of this code will require attachment to the claim of medical chart progress notes which show the date on which this weight is attained.

5. Continued stay reviews will be performed for alcohol and drug abuse detoxification services to determine the days that are medically necessary and appropriate for inpatient hospital care.

(B) The number of days certified as medically necessary by the Hospital Utilization Review Committee.

(C) The number of days billed as covered service by the provider.

(2) In administering this limitation, the counting of days which may be allowable under the provider’s internal Hospital Utilization Review Committee’s certified medically necessary days always shall be from the beginning date of admission for a continuous period of hospitalization. The counting of days which may be Medicaid allowable also will be from the beginning date of admission unless conditions described in subsection (2)(A), (B) or (C) apply.

(A) If the recipient’s beginning date of eligibility is later than the date of admission, the counting of days which may be allowable will be from the beginning eligibility date.

(B) If the recipient has exhausted Title XVIII inpatient benefits, the counting of days which may be allowable will be from the date following the date on which the Title XVIII benefits are exhausted.

(C) If the date of admission is not certified under 13 CSR 70-15.020 as medically necessary, the counting of days which may be allowable for reimbursement will be from the date approved for admission by the medical review agent.

(3) Reimbursement shall be made at the applicable per diem rate in effect as of the initial date of admission and for only allowable days during which the recipient is eligible.

(4) This limitation applies to inpatient stays or portions of hospital stays during which there are no Medicare Part A Benefits available.

(5) Effective with this limitation, there shall be no provision for claiming of additional covered days through submission of a form of medical necessity and medical documentation.

(6) Exception Process.

(A) An exception process to the coverage of inpatient days as determined under provisions of section (1) shall be established for post-payment consideration of inpatient claims exceeding fifteen (15) days beyond the allowable days, if requested by the provider,
and the date of receipt was prior to September 1, 1986.

(B) For requests received on or after September 1, 1986, for admissions prior to July 1, 1988, post-payment consideration of inpatient claims will only be made for claims exceeding thirty (30) days beyond the allowed days. Only the days exceeding thirty (30) days beyond the allowed days are eligible for approval; days one through thirty (1–30) in excess of the allowed days are not eligible for consideration of approval nor additional reimbursement. There will be no post-payment consideration of inpatient claims for admissions on and after July 1, 1988.

(C) The state agency will conduct reviews, approve and specify any additional days which may be allowed beyond the number of days already paid, or may review recommendations submitted by either a duly appointed Medicaid utilization review subcommittee or a medical consultant licensed to practice medicine in Missouri. At its discretion, the state may concur with a recommendation and approve all days for payment, disagree and not pay any days or modify and pay some portion of the days recommended.

(D) Reimbursement for any additional days approved for acute care will be made at the hospital’s per diem rate in effect on the date of admission. If a hospital is an established intermediate care facility/skilled nursing facility (ICF/SNF) or SNF-only Medicaid rate for providing nursing home services in a distinct part setting, reimbursement for any additional days approved for only ICF or SNF level of care provided in the inpatient hospital setting will be made at the hospital’s ICF/SNF or SNF-only rate. If a hospital does not have an established ICF/SNF or SNF-only Medicaid rate for providing nursing home services in a distinct part setting, reimbursement for any additional days approved for only ICF or SNF level of care will be made at the statewide swing bed rate. No additional days will be approved and no Medicaid payments will be made on behalf of any recipient who is determined received inpatient hospital care when s/he did not need either inpatient hospital services or nursing home ICF or SNF services.

(E) Requests for post-payment consideration of inpatient claims must be received no later than one (1) year from the date of discharge.


13 CSR 70-15.040 Inpatient Hospital and Outpatient Hospital Settlements

**PURPOSE:** This regulation defines the specific procedures used to calculate the final or amended settlements for hospital providers. These settlements are authorized in 13 CSR 70-15.010.

**PUBLISHER’S NOTE:** The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency’s headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) General. This regulation defines the specific procedures used to calculate inpatient and outpatient settlements for Missouri in-state hospitals participating in the Missouri Medicaid program. Although inpatient and outpatient settlements are calculated at the same time, an overpayment for outpatient services shall not be offset against an underpayment for inpatient services. Outpatient settlement shall not be determined for cost reports periods ending after December 31, 1998 except for recently closed hospitals, new hospitals, and nominal charge providers as provided for in paragraph (4)(E)4. and hospitals that had a change in ownership or merged operation in paragraph (4)(E)5. and elect to stay under the retrospective payment system.

(A) The hospital’s settlement will be determined after the division receives a Medicare/Medicaid cost report from the Medicare fiscal intermediary with a Notice of Provider Reimbursement (NPR). The cost report used for the settlement shall be the one with the latest NPR at the time the settlement is calculated. The data used, except for Medicaid data, shall be as reported in the cost report unless adjusted by this regulation. The current version of the cost report is HCFA 2552-92, and references in this regulation are from this cost report. However, the division will use the version of the report received from the fiscal intermediary, which may change the references.

(B) The Medicaid data used in the final settlements will be from the division’s paid claims history. This data includes only claims on which Medicaid made payment.
Definitions.

(A) Reimbursable cost. Reimbursable costs are the costs which are identified as reimbursable in 13 CSR 70-15.010 and the Hospital Provider Manual.

(B) Labor/delivery room day. A labor/delivery room day is a day where the mother enters the hospital prior to the census hour but is not admitted to the hospital until the next day after she delivers.

(C) Medicaid payments. Medicaid payments included in the settlement include actual Medicaid claims payments, partial insurance payments on claims, patient liability amounts for coinsurance and deductibles and outlier claims payments. If the insurance payments exceed the Medicaid liability, the claim will not be considered a Medicaid claim.

(D) Inpatient service costs. The reimbursable costs for inpatient services or costs which will be included in the final settlement are those services or costs which are provided to the Medicaid beneficiary after being admitted to the hospital. Services or costs provided prior to admission as an inpatient should be billed as outpatient services, except for cost associated with labor and delivery room days.

(E) Outpatient services/cost. Reimbursable outpatient services or costs are services or costs that are provided prior to the patient being admitted to the hospital. Only outpatient services or cost which are reimbursed on a percentage of charge as defined in 13 CSR 70-15.160 will be included in the final settlement, unless they are excluded elsewhere in this regulation.

(F) Routine cost center. A routine cost center is an adult and peds unit, subprovider unit, nursery unit or special care unit.

(G) Special care unit. A special care unit is a hospital unit that furnishes services to critically ill inpatients. Examples are Intensive Care Units (ICU), Coronary Care Unit (CCU), or Neonatal Care Unit. The ICU unit may be for only one (1) type of patient or for all critically ill patients.

(H) Paid days. Paid days are the actual number of days paid for inpatient services on claims with the first date of service within the fiscal period of the cost report.

(I) Routine charges. Routine charges are the charges billed by the hospital for the care provided to the patient in a routine care center. These services are normally provided to all patients in the hospital.

(J) Ancillary charges. Ancillary charges are the charges billed by the hospital for services that are not routinely provided in the routine care center and are not provided to all patients.

(K) Private room day. A private room day is a day when due to the patient’s medical condition it is determined that the patient should be alone in a room.

(L) Incorporation by Reference. This rule adopts and incorporates by reference the provisions of the—

1. Current Medicare/Medicaid cost report forms that have a Notice of Provider Reimbursement (NPR) from the Medicare fiscal intermediary; and


3. Inpatient settlements will be calculated based on paid day hospital services after the Medicare/Medicaid cost report is received from the fiscal intermediary. Based on this settlement the division shall make any recoupments necessary to ensure that Title XIX Medicaid payments for inpatient services do not exceed the allowable inpatient Medicaid charges. This settlement shall not result in additional payment to the hospital if its cost exceeds its payments. This settlement will be determined in the following manner:

(A) Data will be gathered from the Medicaid inpatient claim history for paid days by routine cost center; private room days; routine charges; charges for each ancillary cost center; and inpatient payments for claims with first date of service in the cost report period;

(B) The division will extract the following data from the cost report received from the fiscal intermediary:

1. The total patient days from worksheet S-3 for each routine cost center and observation bed days. The total patient days for adults and peds may be adjusted for labor and delivery room days reported on questionnaire, if not included on worksheet S-3;

2. The total cost from worksheet D-1 for adults and peds, after removing swing-beds and private room cost differential, and if the hospital has a subprovider, the total cost from worksheet D-1 for the subprovider after removing the private room cost differential. These costs are before the Respiratory Therapy/Physical Therapy (RT/PT) limit and Reasonable Compensation Equivalent (RCE) disallowance;

3. The total cost from worksheet D-1 for special care units and nursery unit. These costs are before RT/PT limit adjustment and RCE disallowance;

4. The cost-to-charge ratio for each covered ancillary service from worksheet C Part I column 7;

5. The Direct Graduate Medical Education (GME) amount reported on worksheet E-3 Part IV line 3;

6. If the hospital is proprietary, the equity ratio from worksheet F-5 Part I line 4 column 1; and

7. The private room cost differential per diem from worksheet D-1 for adults and peds and subproviders, if provided;

(C) The inpatient Medicaid reimbursable cost will be determined as follows:

1. The Medicaid routine cost for adults and peds and subprovider units will be calculated by taking the total routine cost from paragraph (3)(B)2. From this cost will be removed the cost of observation bed days from subparagraph (3)(C)(1).A. This total cost will be divided by the total patient days for adults and peds not including observation days (adjusted for labor and delivery room days if not included on worksheet S-3) plus patient days for any subprovider unit. This cost per day will be multiplied by the Medicaid paid days for adults and peds and subprovider units to determine Medicaid routine adult and peds cost. The cost of private room days will be added to this cost.

A. Observation cost will be determined by dividing the routine cost for adults and peds from paragraph (3)(C)(2), by adult and peds days, adjusted by labor and delivery room days if not included, plus observation bed days. This cost per day is multiplied by the observation bed days reported on worksheet S-3 column 6 line 19 to determine the observation cost.

B. If the hospital reports medically necessary Medicaid private room days on worksheet D-1 line 14 and the data from the division’s paid claim history reports private room days, the private room cost will be calculated by multiplying the private room cost differential per diem from worksheet D-1 line 35 by the lower of Medicaid private room days from the division’s claims data or the private room days reported on worksheet D-1;

2. The routine inpatient cost for each special care unit will be determined by dividing the routine cost for the special care unit by the total patient days for that special care unit to determine the unit’s cost per day. This cost per day will be multiplied by Medicaid paid days for that special care unit from the division’s paid claim history to determine Medicaid cost (If the hospital has more than one (1) ICU unit with Medicaid days reported on the cost report, the Medicaid patient days for ICU from the division’s records will be prorated based on the Medicaid days reported on the cost report.);

3. The routine cost for the nursery unit will be determined by dividing total nursery cost by total nursery days to determine the nursery cost per day. This cost per day will be multiplied by the Medicaid paid days to determine Medicaid nursery cost (Nursery days will not be prorated between nursery and neonatal. The hospital must use the proper
room accommodation revenue code to bill neonatal days.

4. The ancillary cost for each ancillary cost center will be determined by multiplying the Medicaid ancillary cost center’s charges by its cost-to-charge ratio from paragraph (3)(B)4. (Based on the information in the cost report and in the division’s data some ancillary accounts on the division’s data may be combined.)

5. The Medicaid inpatient portion of the GME will be determined using the methodology on worksheet E-3 part IV from the Medicare/Medicaid cost report by substituting Medicaid data in place of the Medicare data;

6. If the hospital is a proprietary hospital it may be entitled to a return on equity. This cost would be determined by multiplying the equity ratio from paragraph (3)(B)6., by the Medicaid cost in paragraphs (3)(C)1.–4.; and

(D) Comparison of Inpatient Medicaid Cost to Inpatient Medicaid Payments.

1. The total inpatient Medicaid cost will be determined as the sum of the cost in paragraphs (3)(C)1.–6.

2. The Medicaid inpatient payments include the following amounts:

A. Partial payments made by third party payers (that is, insurance companies, HMO, etc);

B. Coinsurance and deductibles, which are the responsibility of the patient whether or not they were actually collected;

C. Inpatient claims payments made by the Medicaid program; and

D. Outlier claim payments with service dates within the cost report period.

3. The total payments from subparagraph (3)(D)2.A.–D., will be subtracted from the lesser of the total cost in paragraph (3)(D)1., or the Medicaid charges from subsection (3)(A) (except hospitals identified by Medicare as a nominal charge provider for that fiscal year shall have their settlements based on cost). If the lesser of cost or charge exceeds the payment, no additional payment is due the hospital. (The inpatient settlement is zero (0) under the prospective payment plan.) If these payments exceed the charges the difference will result in an overpayment which will be due from the hospital (Disproportionate share payments are waived from the overpayment determination).

4. Outpatient Hospital Settlements, Provider Based Rural Health Clinic (PBRHC) settlements or Provider Based federally Qualified Health Centers (PBFQHC) settlements will be calculated after the division receives the Medicare/Medicaid cost report with a NPR from the hospital fiscal intermediary.

(A) The Division of Medical Services shall adjust the hospital’s outpatient Medicaid payments, PBRHC or PBFQHC Medicaid payments to conform with the percent of cost paid on an interim basis under 13 CSR 70-15.160 for the appropriate time period (except for those hospitals that qualify under subsection (4)(B), whose payments will be based on the percent of cost in paragraph (4)(A)1., 2., or 3.) for—

1. Services prior to January 5, 1994, the lower of eighty percent (80%) of the outpatient share of the costs from subsection (4)(D), or eighty percent (80%) of the outpatient charges from paragraph (4)(D)1.;

2. Services after January 4, 1994 and prior to April 1, 1998, the lower of ninety percent (90%) of the outpatient share of the cost from subsection (4)(D), or ninety percent (90%) of the outpatient share from paragraph (4)(C)1.;

3. Services after March 31, 1998, included in cost reports ending prior to January 1, 1999, the lower of one hundred percent (100%) of the outpatient share of the cost from subsection (4)(D), or one hundred percent (100%) of the outpatient charge from paragraph (4)(C)1.; and

4. PBRHC and PBFQHC shall be reimbursed one hundred percent (100%) of its share of the cost in paragraph (4)(E)2.

(B) A facility that meets the Medicare criteria of nominal charge provider for the fiscal period shall have its net cost reimbursement based on its cost in paragraph (4)(A)1., 2., or 3.

(C) The Medicaid charges used to determine the cost, and the payments used to determine the settlement will be—

1. For outpatient services the charges and payments extracted from the Medicaid outpatient claims history for reimbursable services paid on a percentage basis under 13 CSR 70-15.160.

2. For PBRHC and PBFQHC the charges and payments will be for services billed under 13 CSR 70-94.020.

(D) The Medicaid hospital’s outpatient, cost will be determined by multiplying the overall outpatient cost-to-charge ratio, determined in accordance with paragraph (4)(D)1., by the Medicaid charges from paragraph (4)(C)1. To this product will be added the Medicaid outpatient share of GME. The GME will be determined using the methodology on worksheet E-3 part IV from the Medicare/Medicaid cost report (HCFA 2552-92) by substituting Medicaid data in place of Medicare data.

1. The overall outpatient cost-to-charge ratio will be determined by multiplying the reported total outpatient charges for each ancillary cost center, excluding PBRHC or PBFQHC, on the supplemental worksheet C column 10 (HCFA 2552-83) or substitute schedule by the appropriate cost-to-charge ratio from worksheet C (HCFA 2552-92) column 7 part I of the fiscal intermediary’s audited Medicaid/Medicaid cost report to determine the outpatient cost for each cost center reimbursed on a percentage of charge basis by Medicaid under 13 CSR 70-15.160. Total the outpatient costs from each cost center and total the outpatient charges from each cost center. Divide the total outpatient costs by the total outpatient charges to arrive at the overall outpatient cost-to-charge ratio.

(E) The Medicaid outpatient final settlement for cost reports ending prior to January 1, 1999, unless the hospital closed or had a change in ownership or merger prior to July 1, 2002, will determine either an overpayment or an underpayment for the hospital’s outpatient services.

1. The outpatient Medicaid cost determined in subsection (4)(D) is multiplied by the percent of cost allowed in paragraph (4)(A)1., 2., or 3., to determine the reimbursable cost for outpatient services. (If a cost report covers both periods the outpatient Medicaid charges will be split to determine the reimbursable cost for each time period.) From this cost subtract the outpatient payments made on a percentage of charge basis under 13 CSR 70-15.010 for the time period. (Medicaid payments include the actual payment by Medicaid, third party payments, coinsurance and deductibles.) The difference is either an overpayment (negative amount) due from provider or underpayment (positive amount) due to provider;

2. Closed facilities. Hospitals which closed after January 1, 1999 but before July 1, 2002 will have final settlements for cost reports ending during this time period calculated in accordance with 13 CSR 70-15.040(4)(E)1.

3. New hospitals which do not have a fourth, fifth, and sixth prior year cost report necessary for establishment of a prospective rate will have final settlement calculated for their initial three (3) cost report periods;

4. Hospitals who qualify as nominal charge providers in accordance with 42 CFR 413.13(f) will have final settlements calculated for all cost report periods; and

5. Hospitals which had a change in ownership or merged with another hospital between January 1, 1997 and June 30, 2002 will have a final settlement calculated in accordance with this regulation for the first three (3) cost report periods after the change in ownership or merger after which it will be reimbursed under the prospective outpatient
hospital reimbursement methodology unless it elects to be reimbursed under the prospective payment methodology starting July 1, 2002.

(F) The Medicaid PBRHC or PBFQHC final settlement will determine either an overpayment or an underpayment for the hospital’s PBRHC or PBFQHC services. For PBRHC or PBFQHC services multiply the PBRHC or PBFQHC Medicaid charges from paragraph (4)(C)2. by the cost center’s cost-to-charge ratio to determine PBRHC or PBFQHC cost. From this cost, the PBRHC or PBFQHC payments associated with charges from paragraph (4)(C)2. are subtracted. The difference is either an overpayment (negative amount) due from provider or an underpayment (positive amount) due to provider.

(5) Reopened cost reports received after the division has completed a final settlement will be calculated in the same manner as the original settlement. The division will not reopen any cost report when the amended NPR is received more than five (5) years after the hospital’s fiscal year end unless the reopening is due to the provider submitting false or fraudulent information to its cost report. If the amended cost report changes the previous settlement by less than one hundred dollars ($100) the cost report will not be reopened. If the prior settlement(s) resulted in an overpayment on the inpatient side, then an underpayment (positive amount) due to provider.


13 CSR 70-15.070 Inpatient Hospital Psychiatric Services for Individuals Under Age Twenty-One

PURPOSE: This rule provides the legal basis where inpatient hospital psychiatric services provided eligible individuals under the age of twenty-one might be afforded coverage for purposes of vendor payment under the Title XIX Medicaid program.

PUBLISHER’S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency’s headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) Pursuant to provisions of section 208.161, RSMo, Medicaid program coverage will be afforded eligible individuals under age twenty-one (21) for inpatient psychiatric hospital services provided under the following conditions:

(A) Under the direction of a physician;

(B) In a psychiatric hospital facility or an inpatient program in a psychiatric facility, either of which is accredited by the Joint Commission on Accreditation of Hospitals and meets the qualification definition in section (2); and

(C) For claimants under the age of twenty-one (21) or, if receiving the services immediately before attaining the age of twenty-one (21), not to extend beyond the earlier of the date—

1. Services are no longer required; or

2. Individual reaches the age of twenty-two (22). (2) For purposes of administration of inpatient psychiatric hospital services coverage for individuals under age twenty-one (21), the Division of Family Services defines a qualified psychiatric hospital facility or inpatient program in a psychiatric facility as follows:

(A) The facility or program within the facility is currently accredited as a psychiatric hospital by the Joint Commission on Accreditation of Hospitals;

(B) The psychiatric facility is currently licensed by the hospital licensing authority of Missouri; and

(C) A psychiatric facility which is operated as a public institution and exempt from the hospital licensing law, must be operated by the Missouri Department of Mental Health.

(3) Inpatient psychiatric hospital services which are provided within a licensed acute care general hospital are not subject to the provisions and conditions of coverage as expressed in this rule, even though provided within an inpatient program or a part of the general hospital facility which is separately accredited as a psychiatric hospital by the Joint Commission on Accreditation of Hospitals. These inpatient psychiatric services shall be subject to the same provisions of coverage and the same benefits and limitations for inpatient hospital services as apply to all Medicaid-eligible recipients.

(4) Reimbursement for inpatient psychiatric hospital services, as provided for in this rule, shall be made in accordance with the provisions for inpatient hospital care reimbursement at 13 CSR 70-15.010 as rescinded effective October 1, 1981, for services prior to October 1, 1981, and at 13 CSR 70-15.010 as a readopted rule effective October 1, 1981, for services on or after October 1, 1981.

(5) A written and signed certification of need for services must be completed for every admission reimbursed by Medicaid that attests to—

(A) Ambulatory care resources available in the community do not meet the treatment needs of the youth;

(B) Inpatient treatment under the direction of a physician is needed; and

(C) The services can reasonably be expected to improve the patient’s condition, or prevent further regression, so that the services will no longer be needed.

(6) The certifications of need for care shall be made by different teams depending on the status of the individual patients as follows:

(A) For an individual who is receiving Medicaid at the time of admission, the certification of need shall be made by an independent team of health professionals at the time of admission. A team member cannot be employed by the admitting hospital or be receiving payment as a consultant on a regular and frequent basis. The team must include a licensed physician who has competence in diagnosis and treatment of mental illness preferably in child psychiatry, and has knowledge of the patient’s situation and one (1) other mental health professional who is licensed, if a part of a licensed discipline;

(B) For an individual who applies for Medicaid while in the facility, the certification of need shall be made by the treatment facility interdisciplinary team responsible for the individual’s plan of care as specified in section (7). The certification of need is to be made before submitting a Medicaid claim for
payment and must cover any period for which Medicaid claims are made; or

(C) For an individual who undergoes an emergency admission, the certification of need shall be made by the treatment facility interdisciplinary team responsible for the individual’s plan of care as specified in section (7) within fourteen (14) days after admission.

(7) The treatment facility’s interdisciplinary team shall be a team of physicians and other personnel who are employed by, or provide services to patients in, the facility.

(A) The team shall include, as a minimum, either:
   1. A board-eligible or board-certified psychiatrist who is a licensed physician;
   2. A clinical psychologist who has a doctoral degree and is licensed, if required by the state, and a physician licensed to practice medicine or osteopathy; or
   3. A physician licensed to practice medicine or osteopathy with specialized training and experience in the diagnosis and treatment of mental diseases, and a psychologist who has a master’s degree in clinical psychology and is licensed, if required by the state or, if licensure is not required by the state, who has been certified by the state or by the state psychological association.

(B) The team also shall include one (1) of the following:
   1. A psychiatric social worker who is licensed, if required by the state;
   2. A licensed registered nurse with specialized training or one (1) year’s experience in treating mentally ill individuals;
   3. An occupational therapist who is licensed, if required by the state, and has specialized training or one (1) year of experience in treating mentally ill individuals;
   4. A psychologist who has a master’s degree in clinical psychology and is licensed, if required by the state or, if licensure is not required by the state, who has been certified by the state or by the state psychological association.

(C) The team must be capable of performing the following responsibilities:
   1. Assessing the individual’s immediate and long-range therapeutic needs, developmental priorities, and personal strengths and liabilities;
   2. Assessing the potential resources of the individual’s family;
   3. Setting treatment objectives; and
   4. Prescribing therapeutic modalities to achieve the plan of care objectives.

(8) Inpatient psychiatric services shall include active treatment which means implementation of a professionally developed and supervised individual plan of care, as described in section (9), that meet the following requirements:

(A) Developed and implemented no later than fourteen (14) days after admission; and

(B) Designed to achieve the recipient’s discharge from inpatient status at the earliest possible time.

(9) An individual plan of care is a written plan developed for each recipient to improve his/her condition to the extent that inpatient care is no longer necessary. The plan of care shall—

(A) Be based on a diagnostic evaluation that includes examination of the medical, psychological, social, behavioral and developmental aspects of the recipient’s situation and reflects the need for inpatient psychiatric care;

(B) Be developed by a team of professionals specified under section (7) in consultation with the recipient; and his/her parents, legal guardians or others in whose care s/he will be released after discharge;

(C) State treatment objectives;

(D) Prescribe an integrated program of therapies, activities and experiences designed to meet objectives;

(E) Include, at an appropriate time, post-discharge plans and coordination of inpatient services with partial discharge plans and related community services to ensure continuity of care with the recipient’s family, school and community upon discharge; and

(F) Be reviewed every thirty (30) days by the treatment facility interdisciplinary team specified in section (7) to provide the following requirements:

1. Determine that services being provided are or were required on an inpatient basis; and
2. Recommend changes in the plan as indicated by the recipient’s overall adjustment as an inpatient.

(10) Before admission or before authorization for payment, the team described in section (6) of this rule must make medical, psychiatric and social evaluations of each applicant’s or recipient’s need for care in the hospital. Each medical evaluation must include the following elements:

(A) Diagnoses;

(B) Summary of present medical findings;

(C) Medical history;

(D) Mental and physical functional capacity;

(E) Prognoses; and

(F) A recommendation by a licensed physician concerning admission to the mental hospital or continued care in the mental hospital for individuals who apply for Medicaid while in the mental hospital.

(11) Audits to monitor hospital compliance shall be performed by a medical review agent as authorized by the Division of Medical Services. Hospital admissions of July 1, 1991, and after, that will be subject to audits which may include up to one hundred percent (100%) of Medicaid admissions. Documentation of certification of need, medical/psychiatric/social evaluations, plan of care and active treatment shall be a part of the individual’s medical record. All required documentation must be a part of the medical record at the time of audit to be considered during the audit. Failure of the medical record to contain the required documents at the time of audit shall result in recoupment. The medical review agent’s audit process is as follows:

(A) The hospital has thirty (30) calendar days from the date of the request to furnish medical records for desk audits. At rates determined by the medical review agent, provider costs associated with submission of records will be reimbursed. Records not received within thirty (30) days will result in the services being denied and the Medicaid payment recouped;

(B) Review of the certification of need, medical/psychiatric/social evaluations and plan of care documentation is performed to determine compliance with this rule;

(C) A sample of claims will be reviewed for quality of care using the Health Care Financing Administration (HCFA) psychiatric generic quality screens;

(D) An initial review of the medical record information for active treatment is performed by either a nurse who is licensed or social worker reviewer who is licensed using the Child and Adolescent Assessment Psychiatric Treatment screening criteria;

(E) If the medical record documentation regarding the patient’s condition and planned services meet the criteria in subsection (11)(D) of this rule, the services are approved by either the nurse or social worker reviewer;

(F) If the criteria in subsection (11)(D) of this rule is not met, the nurse or social worker reviewer refers the case to a physician reviewer who is a licensed physician for a determination of documentation and medical necessity. The physician reviewer is not bound by criteria used by the nurse or social worker reviewer. The physician reviewer uses his/her medical judgment to make a determination based on the documented medical facts in the record;

(G) If the physician reviewer denies the admission or days of stay, the attending physician and hospital shall be notified. The hospital may request of the medical review agent a reconsideration review. The hospital is notified of the medical review agent’s reconsideration determination;
(H) Reconsideration determination is the final level of review by the medical review agent. The division will accept the medical review agent’s decision;

(I) Hospitals are notified by the Division of Medical Services if an adjustment of Medicaid payments is required as a result of audit findings;

(J) The following Medicaid policies apply for calculation of Medicaid payments:

1. Medicaid shall reimburse nursing facility care provided in the inpatient hospital setting in accordance with 13 CSR 70-15.010;

2. No Medicaid payment shall be made on behalf of any recipient who is receiving inpatient hospital care and is not in need of either inpatient or nursing facility care. No payment will be made for outpatient services rendered on an inpatient basis; or

3. Medicaid shall not pay for admissions or continued days for social situations, placement problems, court commitments or abuse/neglect without medical risk; and

(K) Overpayment determinations may be appealed in accordance with section 208.156, RSMo.


*Original authority: 208.201, RSMo 1987.

13 CSR 70-15.080 Payment Method for General Relief Recipient Hospital Outpatient Services

(Rescinded December 30, 2005)


13 CSR 70-15.090 Procedures for Evaluation of Appropriate Inpatient Hospital Admissions and Continued Days of Stay

PURPOSE: This rule establishes the basis on which hospitals furnishing inpatient care to Medicaid recipients are audited to determine that admissions/lengths of stay were medically necessary, of appropriate duration and set-
alcohol/drug abuse treatment. The SI/IS criteria and supplemental sets are criteria used by the division for admission certification elaborated in 13 CSR 70-15.020(6).

(5) The medical review audit procedure may include the following:
(A) A notice letter of the audit sent to the hospital administrator with the following time requirements:
1. The hospital receives fifteen (15) calendar days’ notice prior to the date upon which an on-site audit is to begin; or
2. The hospital has thirty (30) calendar days from the date of notice to furnish medical records for desk audits. A single extension not to exceed fifteen (15) calendar days may be granted upon the request of the hospital. Records not received timely will automatically result in the services being denied;
(B) An initial screening of the medical record information is performed by nurse reviewers using the criteria in section (4) as appropriate to the case;
(C) If the medical record documentation regarding the patient’s condition and planned services meet the applicable criteria in section (4), the services are approved as medically necessary;
(D) If the applicable criteria in section (4) are not met, the nurse reviewer refers the case to a physician reviewer for a medical necessity and appropriateness of setting determination. The physician reviewer is not bound by criteria used. The physician reviewer uses his/her medical judgment to make a determination based on the documented medical facts in the record;
(E) If the physician reviewer denies the admission or continued days of stay, a preliminary denial notice is mailed to the attending physician and hospital;
(F) The attending physician and hospital have fifteen (15) working days from the date of notice to furnish medical record documentation and utilization review records at the time of review contained in the medical record for the specific date of admission.
(G) The physician reviewer examines the medical record and the additional documentation prior to a determination to approve or deny the admission or continued days of stay. The determination made by the physician reviewer completes the final level of review; and
(H) A written report of the physician reviewer’s determinations, as approved by the division, is issued.

(6) A policy compliance audit can be performed to determine conformity with written and published policies and procedures of the Medicaid inpatient hospital program as contained in provider manuals and bulletins.

(7) A utilization review audit can be performed to determine compliance with the hospital’s utilization review plan applicable to the Medicaid program and defined in federal regulation Title 42 CFR 456 subparts C and D, and 42 CFR 482.30.

(8) All pertinent and complete medical record documentation and utilization review records must be made available at the time of the review and copies provided, if requested, by the hospital to the division. The review and decision are based upon the documents provided at the time of review contained in the medical record for the specific date of admission.

(9) Payment for requested copies will be reimbursed at ten cents (10¢) per page by submitting to the division an invoice indicating the number of pages per record. No additional reimbursement will be made for postage. Copies must be legible.

(10) Hospitals are notified by the division if an adjustment of Medicaid payments is required as a result of audit findings. The following Medicaid policies apply for calculation of Medicaid payment:
(A) Medicaid shall reimburse nursing facility care provided in the inpatient hospital setting in accordance with 13 CSR 70-15.010(11);
(B) No Medicaid payment will be made on behalf of any recipient who is receiving inpatient hospital care and is not in need of either inpatient or nursing facility care. No payment will be made for outpatient services rendered on an inpatient basis; or
(C) Medicaid does not pay for admissions or continued days of stay for social situations, placement problems, court commitments or abuse/neglect without medical risk.

(11) Overpayment determinations may be appealed to the Administrative Hearing Commission within thirty (30) days of the date of notice letter to the extent the overpayment has exceeded five hundred dollars ($500).


13 CSR 70-15.100 Unreimbursed Care Payment Methodology


13 CSR 70-15.110 Federal Reimbursement Allowance (FRA)

PURPOSE: This rule establishes the formula for determining the Federal Reimbursement Allowance each hospital, except public hospitals which are operated primarily for the care and treatment of mental disorders and any hospital operated by the Department of Health, is required to pay for the privilege of engaging in the business of providing inpatient health care in Missouri.

PUBLISHER’S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency’s headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) Federal Reimbursement Allowance (FRA). FRA shall be assessed as described in this section.
(A) Definitions.
1. Bad debts—Amounts considered to be uncollectible from accounts and notes receivable that were created or acquired in providing services. Allowable bad debts include the costs of caring for patients who have insurance, but their insurance does not cover the particular service procedures or treatment rendered.
2. Base cost report—Desk-reviewed Medicare/Medicaid cost report. When a hospital has more than one (1) cost report with periods ending in the base year, the cost report covering a full twelve (12)-month period will be used. If none of the cost reports covers a full twelve (12) months, the cost report with the latest period will be used. If a hospital’s base cost report is less than or greater than a twelve (12)-month period, the data shall be adjusted, based on the number of months reflected in the base cost report, to a twelve (12)-month period.
3. Charity care—Those charges written off by a hospital based on the hospital’s policy to provide health care services free of charge.
charge or at a reduced charge because of the indigence or medical indigence of the patient.

2. Contractual allowances—Difference between established rates for covered services and the amount paid by third-party payers under contractual agreements. The Federal Reimbursement Allowance (FRA) is a cost to the hospital, regardless of how the FRA is remitted to the MO HealthNet Division, and shall not be included in contractual allowances for determining revenues. Any redistributions of MO HealthNet payments by private entities acting at the request of participating health care providers shall not be included in contractual allowances or determining revenues or cost of patient care.

5. Department—Department of Social Services.

7. Division—MO HealthNet Division, Department of Social Services.

9. Federal Reimbursement Allowance (FRA)—The fee assessed to hospitals for the privilege of engaging in the business of providing inpatient health care in Missouri. The FRA is an allowable cost to the hospital.

10. Fiscal period—Twelve (12)-month reporting period determined by each hospital.

11. Gross hospital service charges—Total charges made by the hospital for inpatient and outpatient hospital services that are covered under 13 CSR 70-15.010.

12. Hospital—A place devoted primarily to the maintenance and operation of facilities for the diagnosis, treatment, or care for not fewer than twenty-four (24) hours in any week of three (3) or more nonrelated individuals suffering from illness, disease, injury, deformity, or other abnormal physical conditions; or a place devoted primarily to provide, for not fewer than twenty-four (24) hours in any week, medical or nursing care for three (3) or more nonrelated individuals. The term hospital does not include convalescent, nursing, shelter, or boarding homes as defined in Chapter 198, RSMo.

13. Hospital revenue subject to FRA assessment effective July 1, 2008—Each hospital’s inpatient adjusted net revenues and outpatient adjusted net revenues subject to the FRA assessment will be determined as follows:

A. Obtain “Gross Total Charges” from Worksheet G-2, Line 25, Column 3, of the third prior year cost report (i.e., FRA fiscal year cost report) for the hospital. Charges shall exclude revenues for physician services. Charges related to activities subject to the Missouri taxes assessed for outpatient retail pharmacies and nursing facility services shall also be excluded. “Gross Total Charges” will be reduced by the following:

3. “Nursing Facility Ancillary Charges” as determined from the Department of Social Services, MO HealthNet Division, nursing home cost report. (Note: To the extent that the gross hospital charges, as specified in subparagraph (1)(A)13.A. above, include long-term care charges, the charges to be excluded through this step shall include all long-term care ancillary charges including skilled nursing facility, nursing facility, and other long-term care providers based at the hospital that are subject to the state’s provider tax on nursing facility services.)
8. “Other Non-Hospital Component Charges” from Worksheet G-2, Lines 6, 8, 21, 21.02, 23, and 24.
9. “Nursing Facility Charges” from Worksheet G-3, Line 3, Column 1. The state will ensure this amount is net of bad debts and other uncollectible charges by survey methodology.
10. “Adjusted Gross Total Charges” (the result of the computations in subparagraph (1)(A)13.A.) will then be further adjusted by a hospital-specific collection-to-charge ratio determined as follows:
   A. Divide “Net Revenue” by “Gross Total Charges.”
   B. Obtain “Net Revenue” from Worksheet G-3, Line 25, Column 1, of the most recent cost report that is available for a hospital.
   C. Obtain “Gross Inpatient Charges” from Worksheet G-2, Line 25, Column 1, of the most recent cost report that is available for a hospital.
   D. Obtain “Gross Outpatient Charges” from Worksheet G-2, Line 25, Column 2, of the most recent cost report that is available for a hospital.
   E. Total “Adjusted Net Revenue” will be allocated between “Net Inpatient Revenue” and “Net Outpatient Revenue” as follows:
      1. “Gross Inpatient Charges” will be divided by “Gross Total Charges.”
      2. “Adjusted Net Revenue” will then be multiplied by the result to yield “Net Inpatient Revenue.”
      3. The remainder will be allocated to “Net Outpatient Revenue.”

14. Net operating revenue—Gross charges less bad debts, less charity care, and less contractual allowances times the trend indices listed in 13 CSR 70-15.010(3)(B).

15. Other operating revenues—The other operating revenue is total other revenue less government appropriations, less donations, and less income from investments times the trend indices listed in 13 CSR 70-15.010(3)(B).

(B) Each hospital engaging in the business of providing inpatient health care in Missouri shall pay an FRA. The FRA shall be calculated by the Department of Social Services.

1. The FRA shall be sixty-three dollars and sixty-three cents ($63.63) per inpatient hospital day from the 1991 base cost report for Federal Fiscal Year 1994. For succeeding periods, the FRA shall be as described beginning with section (2) and going forward.

2. If a hospital does not have a fourth prior year base cost report, inpatient and outpatient adjusted net revenues shall be estimated as follows:
   A. Hospitals required to pay the FRA, except safety net hospitals, shall be divided in quartiles based on total beds;
   B. The inpatient adjusted net revenue shall be summed for each quartile and divided by the total beds in the quartile to yield an average inpatient adjusted net revenue per bed. The number of beds for the hospital without the base cost report shall be multiplied by the average inpatient adjusted net revenue per bed to determine the estimated inpatient adjusted net revenue; and
   C. The outpatient adjusted net revenue shall be summed for each quartile and divided by the number of facilities in the quartile to yield an average outpatient adjusted net revenue per facility which will be the estimated outpatient adjusted net revenue for the hospital without the base cost report.

3. The FRA assessment for hospitals that merge operation under one (1) Medicare and MO HealthNet provider number shall be
determined as follows:

A. The previously determined FRA assessment for each hospital shall be combined under the active MO HealthNet provider number for the remainder of the state fiscal year after the division receives official notification of the merger; and

B. The FRA assessment for subsequent fiscal years shall be based on the combined data for both facilities.

(C) Each hospital shall submit to the Department of Social Services a statement that accurately reflects if the hospital—
1. Is publicly or privately owned;
2. Is operated primarily for the care and treatment of mental disorders;
3. Is operated by the Department of Health; and
4. Accepts payment for services rendered.

(D) The Department of Social Services shall prepare a confirmation schedule of the information from each hospital’s third prior year cost report and provide each hospital with this schedule.
1. The schedule shall include:
   A. Provider name;
   B. Provider number;
   C. Fiscal period;
   D. Total number of licensed beds;
   E. Total inpatient days;
   F. Total cost of contractual allowance for Medicare;
   G. Total cost of contractual allowance for Medicaid;
   H. Gross charges;
   I. Charity care; and
   J. Bad debts.

2. Each hospital required to pay the FRA shall review this information and provide the Department of Social Services with correct information, if the information supplied by the Department of Social Services is incorrect, or affirm the information is correct within fifteen (15) days of receiving the confirmation schedule. If the hospital fails to submit the corrected data within the fifteen (15)-day time period, the hospital shall be barred from submitting corrected data later to have its FRA assessment or the add-on payments from 13 CSR 70-15.010 adjusted.

3. Each hospital may request that its FRA be offset against any Missouri Medicaid payment due. Assessments shall be allocated and deducted over the applicable period.

4. The FRA owed or, if an offset has been requested, the balance due, if any, after that offset shall be remitted by the hospital to the Department of Social Services on a twice monthly basis, on the first and fifteenth of each month beginning October 15, 1992. The remittance shall be made payable to the director of the Department of Revenue. The amount remitted shall be deposited in the state treasury to the credit of the Federal Reimbursement Allowance Fund.

(E) In accordance with sections 621.055 and 208.156, RS, hospitals may seek a hearing before the Administrative Hearing Commission from a final decision of the director of the department or division.

(2) Federal Reimbursement Allowance (FRA) subsequent to Federal Fiscal Year 1994.

(A) The FRA shall continue at the Federal Fiscal Year 1994 prorated assessment level for the nine (9) Medicaid payrolls from October 1, 1994, through February 19, 1995.

(B) The FRA shall be seventy-two dollars and seventy-five cents ($72.75) per inpatient hospital day from the 1992 base cost report multiplied by nine twenty-fourths (9/24) for the period February 20, 1995, through June 30, 1995.

(3) FRA for State Fiscal Year (SFY) 1996.

(A) The FRA for SFY 96 shall be seventy-five dollars and eighty-seven cents ($75.87) per inpatient hospital day from the 1993 base cost report.

(B) FRA for State Fiscal Year 1997.

(A) The FRA assessment for State Fiscal Year 1997 shall be determined at the rate of five and sixty-three hundredths percent (5.63%) of the hospital’s net operating revenues as determined from information reported on the hospital’s 1994 base cost report.

(5) Federal Reimbursement Allowance (FRA) for State Fiscal Year 1998.

(A) The FRA assessment for State Fiscal Year 1998 shall be determined at the rate of five and forty-six hundredths percent (5.46%) of the hospital’s net operating revenue as determined from information reported in the hospital’s 1995 base year cost report.

(6) Federal Reimbursement Allowance (FRA) for State Fiscal Year 1999.

The FRA assessment for State Fiscal Year 1999 shall be determined at the rate of five and thirty hundredths percent (5.30%) of the hospital’s net operating revenues and other operating revenues defined in paragraphs (1)(A)12, and 13., as determined from information reported in the hospital’s 1995 base year cost report. The State Fiscal Year 1999 assessment rate of five and thirty hundredths percent (5.30%) shall continue as an estimate of the FRA assessment percentage until such time as the State Fiscal Year 2000 assessment rate is established.

(7) Federal Reimbursement Allowance (FRA) for State Fiscal Year 2000.

The FRA assessment for State Fiscal Year 2000 shall be determined at the rate of five and two hundredths percent (5.02%) of the hospital’s net operating revenues and other operating revenues defined in paragraphs (1)(A)12, and 13., as determined from information reported in the hospital’s 1996 base year cost report.

(8) Federal Reimbursement Allowance (FRA) for State Fiscal Year 2001. The FRA assessment for State Fiscal Year 2001 shall be determined at the rate of five and fifty hundredths percent (5.50%) of the hospital’s net operating revenues and other operating revenues defined in paragraphs (1)(A)12, and 13., as determined from information reported in the hospital’s 1997 base year cost report. The State Fiscal Year (SFY) 2001 FRA Assessment shall be used as an estimate of the SFY 2002 FRA Assessment until such time as the regulation establishing the SFY 2002 FRA Assessment is effective.

(9) Federal Reimbursement Allowance (FRA) for State Fiscal Year 2002. The FRA assessment for State Fiscal Year (SFY) 2002 shall be determined at the rate of five and zero hundredths percent (5.00%) of the hospital’s total operating revenue less tax revenue/other government appropriations plus non-operating gains and losses as published by the Missouri Department of Health, State Center for Health Statistics in the Missouri Hospital Revenues 1995–2000 manual, which is incorporated by reference in this rule. The base financial data for 1998 will be annualized, if necessary, and will be adjusted by the trend factor listed in 13 CSR 70-15.010(3)(B) to determine revenues for the current state fiscal year. The financial data that is submitted by the hospitals to the Missouri Department of Health and Senior Services is required as part of 19 CSR 10-33.030 Reporting Financial Data by Hospitals. If the pertinent information is not available through the Department of Health and Senior Services’ hospital database, the Division of Medical Services will use the Medicaid data similarly defined from the Medicaid cost report that is required to be submitted pursuant to 13 CSR 70-15.010(5)(A).

(10) Federal Reimbursement Allowance (FRA) for State Fiscal Year 2003. The FRA assessment for State Fiscal Year (SFY) 2003 shall be determined at the rate of five and seventy hundredths percent (5.70%) of the hospital’s total operating revenue less tax revenue/other government appropriations plus non-operating gains and losses as published by the Missouri Department of Health and Senior Services, Section of Health Statistics. The base financial data for 1999 will be annualized, if necessary, and will be adjusted by the trend factor listed in 13 CSR 70-15.010(3)(B) to determine revenues for the
current state fiscal year. The financial data that is submitted by the hospitals to the Missouri Department of Health and Senior Services is required as part of 19 CSR 10-33.030 Reporting Financial Data by Hospitals. If the pertinent information is not available through the Department of Health and Senior Services’ hospital database, the Division of Medical Services will use the Medicaid data similarly defined from the Medicaid cost report that is required to be submitted pursuant to 13 CSR 70-15.010(5)(A).

(11) Federal Reimbursement Allowance (FRA) for State Fiscal Year 2004. The FRA assessment for State Fiscal Year (SFY) 2004 shall be determined at the rate of five and thirty-two hundredths percent (5.32%) of the hospital’s total operating revenue less tax revenue/other government appropriations plus non-operating gains and losses as published by the Missouri Department of Health and Senior Services, Section of Health Statistics. The base financial data for 2000 will be annualized, if necessary, and will be adjusted by the trend factor listed in 13 CSR 70-15.010(3)(B) to determine revenues for the current state fiscal year. The financial data that is submitted by the hospitals to the Missouri Department of Health and Senior Services is required as part of 19 CSR 10-33.030 Reporting Financial Data by Hospitals. If the pertinent information is not available through the Department of Health and Senior Services’ hospital database, the Division of Medical Services will use the Medicaid data similarly defined from the Medicaid cost report that is required to be submitted pursuant to 13 CSR 70-15.010(5)(A).

(12) Federal Reimbursement Allowance (FRA) for State Fiscal Year 2005. The FRA assessment for State Fiscal Year (SFY) 2005 shall be determined at the rate of five and fifty-three hundredths percent (5.53%) of the hospital’s total operating revenue less tax revenue/other government appropriations plus non-operating gains and losses as published by the Missouri Department of Health and Senior Services, Section of Health Statistics. The base financial data for 2001 will be annualized, if necessary, and will be adjusted by the trend factor listed in 13 CSR 70-15.010(3)(B) to determine revenues for the current state fiscal year. The financial data that is submitted by the hospitals to the Missouri Department of Health and Senior Services is required as part of 19 CSR 10-33.030 Reporting Financial Data by Hospitals. If the pertinent information is not available through the Department of Health and Senior Services’ hospital database, the Division of Medical Services will use the Medicaid data similarly defined from the Medicaid cost report that is required to be submitted pursuant to 13 CSR 70-15.010(5)(A).

(13) Federal Reimbursement Allowance (FRA) for State Fiscal Year 2006. The FRA assessment for State Fiscal Year (SFY) 2006 shall be determined at the rate of five and ninety-seven hundredths percent (5.97%) of the hospital’s total operating revenue less tax revenue/other government appropriations plus non-operating gains and losses as published by the Missouri Department of Health and Senior Services, Section of Health Statistics. The base financial data for 2002 will be annualized, if necessary, and will be adjusted by the trend factor listed in 13 CSR 70-15.010(3)(B) to determine revenues for the current state fiscal year. The financial data that is submitted by the hospitals to the Missouri Department of Health and Senior Services is required as part of 19 CSR 10-33.030 Reporting Financial Data by Hospitals. If the pertinent information is not available through the Department of Health and Senior Services’ hospital database, the Division of Medical Services will use the Medicaid data similarly defined from the Medicaid cost report that is required to be submitted pursuant to 13 CSR 70-15.010(5)(A).

(14) Federal Reimbursement Allowance (FRA) for State Fiscal Year (SFY) 2007. The FRA assessment for SFY 2007 shall be determined at the rate of five and eighty-three hundredths percent (5.83%) of the hospital’s total operating revenue less tax revenue/other government appropriations plus non-operating gains and losses as published by the Missouri Department of Health and Senior Services, Section of Health Statistics. The base financial data for 2003 will be annualized, if necessary, and will be adjusted by the trend factor listed in 13 CSR 70-15.010(3)(B) to determine revenues for the current state fiscal year. The financial data that is submitted by the hospitals to the Missouri Department of Health and Senior Services is required as part of 19 CSR 10-33.030 Reporting Financial Data by Hospitals. If the pertinent information is not available through the Department of Health and Senior Services’ hospital database, the Division of Medical Services will use the Medicaid data similarly defined from the Medicaid cost report that is required to be submitted pursuant to 13 CSR 70-15.010(5)(A).

(15) Federal Reimbursement Allowance (FRA) for State Fiscal Year (SFY) 2008. The FRA assessment for SFY 2008 shall be determined at the rate of five and ninety-nine hundredths percent (5.99%) for July 1 through December 31, 2007, and five and forty-nine hundredths percent (5.49%) for January 1 through June 30, 2008, of the hospital’s total operating revenue less tax revenue/other government appropriations plus non-operating gains and losses as published by the Missouri Department of Health and Senior Services, Section of Health Statistics. The base financial data for 2004 will be annualized, if necessary, and will be adjusted by the trend factor listed in 13 CSR 70-15.010(3)(B) to determine revenues for the current state fiscal year. The financial data that is submitted by the hospitals to the Missouri Department of Health and Senior Services is required as part of 19 CSR 10-33.030 Reporting Financial Data by Hospitals. If the pertinent information is not available through the Department of Health and Senior Services’ hospital database, the Division of Medical Services will use the Medicaid data similarly defined from the Medicaid cost report that is required to be submitted pursuant to 13 CSR 70-15.010(5)(A).

(16) Federal Reimbursement Allowance (FRA) for State Fiscal Year (SFY) 2009. The FRA assessment shall be determined at the rate of five and forty-four hundredths percent (5.40%) of each hospital’s inpatient adjusted net revenues and outpatient adjusted net revenues from the hospital’s 2006 Medicare/Medicaid cost report. The FRA assessment rate of five and forty-four hundredths percent (5.40%) will be applied individually to the hospital’s inpatient adjusted net revenues and outpatient adjusted net revenues. The hospital’s total FRA assessment for SFY 2009 is the sum of the assessment determined from its inpatient adjusted net revenue plus the assessment determined for its outpatient adjusted net revenue.

(17) Beginning July 1, 2009, the Federal Reimbursement Allowance (FRA) assessment shall be determined at the rate of five and forty-four hundredths percent (5.40%) of each hospital’s inpatient adjusted net revenues and outpatient adjusted net revenues from the hospital’s 2007 Medicare/Medicaid cost report. The FRA assessment rate of five and forty-four hundredths percent (5.40%) will be applied individually to the hospital’s inpatient adjusted net revenues and outpatient adjusted net revenues. The hospital’s total FRA assessment beginning July 1, 2009, is the sum of the assessment determined from its inpatient adjusted net revenue plus the assessment determined for its outpatient adjusted net revenue.
(18) Beginning January 1, 2010, the Federal Reimbursement Allowance (FRA) assessment shall be determined at the rate of five and forty-five hundredths percent (5.45%) of each hospital’s inpatient adjusted net revenues and outpatient adjusted net revenues from the hospital’s 2007 Medicare/Medicaid cost report. The FRA assessment rate of five and forty-five hundredths percent (5.45%) will be applied individually to the hospital’s inpatient adjusted net revenues and outpatient adjusted net revenues. The hospital’s total FRA assessment, beginning January 1, 2010, is the sum of the assessment determined from its inpatient adjusted net revenue plus the assessment determined for its outpatient adjusted net revenue.

(19) Beginning July 1, 2010, the FRA assessment shall be determined at the rate of five and forty-five hundredths percent (5.45%) of each hospital’s inpatient adjusted net revenues and outpatient adjusted net revenues as set forth in paragraph (18). The FRA assessment rate of five and forty-five hundredths percent (5.45%) will be applied individually to the hospital’s inpatient adjusted net revenues and outpatient adjusted net revenues. The hospital’s total FRA assessment is the sum of the assessment determined from its inpatient adjusted net revenue plus the assessment determined for its outpatient adjusted net revenue.


13 CSR 70-15.150 Enhancement Pools

PURPOSE: This rule creates enhancement pools to increase reimbursement to government-owned hospitals and all hospitals, in an amount not to exceed the Medicare Upper Limit payment for the Medicaid program.

(A) The aggregate difference between the Medicare Upper Limit and the per diem reimbursement for all Medicaid hospitals will be calculated as follows. The per diem Medicaid rates used in the calculation will be those being paid at the time of the calculation.

(B) The enhancement payment shall be distributed to participating governmental hospitals based on their pro rata share of Medicaid patient days.

(C) A participating government-owned or operated hospital is one that has entered into an intergovernmental funds transfer agreement with the department.

(2) All Medicaid enrolled hospitals may participate in distributions from a second pool that shall be calculated at a percentage to be specified by the department of the aggregate difference between the Medicare Upper Limit and per diem reimbursement for all Medicaid enrolled hospitals for services covered by the Missouri Medicaid program.

13 CSR 70-15.150 Enhancement Pools

PURPOSE: This rule creates enhancement pools to increase reimbursement to government-owned hospitals and all hospitals, in an amount not to exceed the Medicare Upper Limit payment for the Medicaid program.

(A) The aggregate difference between the Medicare Upper Limit and the per diem reimbursement for all Medicaid hospitals will be calculated as follows. The per diem Medicaid rates used in the calculation will be those being paid at the time of the calculation.

(B) The enhancement payment shall be distributed to participating governmental hospitals based on their pro rata share of Medicaid patient days.

(C) A participating government-owned or operated hospital is one that has entered into an intergovernmental funds transfer agreement with the department.

(2) All Medicaid enrolled hospitals may participate in distributions from a second pool that shall be calculated at a percentage to be specified by the department of the aggregate difference between the Medicare Upper Limit and per diem reimbursement for all Medicaid enrolled hospitals for services covered by the Missouri Medicaid program, as
defined above. The second pool shall be distributed annually as a one-time payment, made in addition to per diem payments, to all Medicaid enrolled hospitals based on their pro rata share of Medicaid days.


13 CSR 70-15.160 Prospective Outpatient Hospital Services Reimbursement Methodology

PURPOSE: This rule establishes a prospective outpatient reimbursement methodology for hospitals in place of the current retrospective reimbursement methodology. This rule establishes the methodology for setting a hospital’s prospective outpatient payment percentage for hospital services effective July 1, 2002.

PUBLISHER’S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. This material as incorporated by reference in this rule shall be maintained by the agency at its headquarters and shall be made available to the public for inspection and copying at no more than the actual cost of reproduction.

This note applies only to the reference material. The entire text of the rule is printed here.

(1) Prospective Outpatient Hospital Services Reimbursement Percentage for Hospitals Located Within Missouri.

(A) Outpatient hospital services shall be reimbursed on a prospective outpatient payment percentage effective July 1, 2002 except for services identified in subsection (1)(C). The prospective outpatient payment percentage will be calculated using the Medicaid over-all outpatient cost-to-charge ratio from the fourth, fifth, and sixth prior base year cost reports regressed to the current State Fiscal Year (SFY). (If the current SFY is 2003 the fourth, fifth and sixth prior year cost reports would be the cost report filed in calendar year 1997, 1998 and 1999.) The prospective outpatient payment percentage shall not exceed one hundred percent (100%) and shall not be less than twenty percent (20%).

(B) Outpatient cost-to-charge ratios will be as determined in the desk review of the base year cost reports.

(C) Outpatient Hospital Services Reimbursement Limited by Rule.

1. Effective for dates of service September 1, 1985, and annually updated, certain clinical diagnostic laboratory procedures will be reimbursed from a Medicaid fee schedule which shall not exceed a national fee limitation.

2. Services of hospital-based physicians and certified registered nurse anesthetists shall be billed on a CMS-1500 professional claim form and reimbursed from a Medicaid fee schedule or the billed charge, if less. The CMS-1500 professional claim form is incorporated by reference and made a part of this rule as published by the Department of Social Services, MO HealthNet Division, 615 Howerton Court, Jefferson City, MO 65109, at its website at www.dss.mo.gov/mhd, November 1, 2010. This rule does not incorporate any subsequent amendments or additions.

3. Outpatient hospital services provided for those recipients having available Medicare benefits shall be reimbursed by Medicaid to the extent of the deductible and coinsurance as imposed under Title XVIII.

4. Effective for payment dates beginning October 1, 2010, reimbursement of Medicare/Medicaid crossover claims (crossover claims) for Medicare Part B and Medicare Advantage/Part C outpatient hospital services with dates of service on or after January 1, 2010, except for public hospitals operated by the Department of Mental Health (DMH), shall be determined as follows:

A. Crossover claims for Medicare Part B outpatient hospital services in which Medicare was the primary payer and MO HealthNet Division (MHD) is the payer of last resort for cost-sharing (i.e., coinsurance, copay, and/or deductibles) must meet the following criteria to be eligible for MHD reimbursement:

(i) The crossover claim must be related to Medicare Advantage outpatient hospital services that were provided to MO HealthNet participants also having Medicare Part B coverage; and

(ii) The crossover claim must contain approved outpatient hospital services which MHD is billed for cost-sharing; and

(iii) The Other Payer paid amount field on the claim must contain the actual amount paid by Medicare Advantage plan was the primary payer and MHD is the payer of last resort for cost-sharing (i.e., coinsurance, copay, and/or deductibles) must meet the following criteria to be eligible for MHD reimbursement:

(A) New Medicaid providers which do not

mitting crossover claims for Medicare Part B outpatient hospital services to MHD must be able to provide documentation that supports the information on the claim upon request. The documentation must match the information on the Medicare Part B plan’s remittance advice. Any amounts paid by MHD that are determined to be based on inaccurate data will be subject to recoupment;

B. Crossover claims for Medicare Advantage/Part C (Medicare Advantage) outpatient hospital services in which a Medicare Advantage plan was the primary payer and MHD is the payer of last resort for cost-sharing (i.e., coinsurance, copay, and/or deductibles) must meet the following criteria to be eligible for MHD reimbursement:

(I) The crossover claim must be related to Medicare Advantage outpatient hospital services that were provided to MO HealthNet participants who also are either a Qualified Medicare Beneficiary (QMB Only) or Qualified Medicare Beneficiary Plus (QMB Plus); and

(II) The crossover claim must contain approved outpatient hospital services which MHD is billed for cost-sharing; and

(IV) The Other Payer paid amount field on the claim must contain the actual amount paid by the Medicare Advantage plan. The MO HealthNet provider is responsible for accurate and valid reporting of crossover claims submitted to MHD for payment. Providers submitting crossover claims for Medicare Advantage outpatient hospital services to MHD must be able to provide documentation that supports the information on the claim upon request. The documentation must match the information on the Medicare Advantage plan’s remittance advice. Any amounts paid by MHD that are determined to be based on inaccurate data will be subject to recoupment;

C. MHD reimbursement for approved outpatient hospital services. MHD will reimburse seventy-five percent (75%) of the allowable cost-sharing amount; and

D. MHD will continue to reimburse one hundred percent (100%) of the allowable cost-sharing amounts for outpatient services provided by public hospitals operated by DMH as set forth above in paragraph (I)(C).3.

(2) Exempt Hospitals. Exempt Hospital Outpatient payment percent will be set as follows and will include:

(A) New Medicaid providers which do not
have a fourth, fifth and sixth prior year cost report.

1. Interim payment percentage. An interim outpatient payment percentage for new Medicaid hospital providers will be set at seventy-five percent (75%) for the first three (3) state fiscal years in which the hospital operates. The cost reports for these three (3) years will have a cost settlement calculated in accordance with 13 CSR 70-15.040.

2. Outpatient percentage. The outpatient payment percentage for the fourth and fifth year in which the hospital operates will be based on the overall Medicaid cost-to-charge ratio from its fourth prior year cost report.

(B) Hospitals who qualify as nominal charge providers under 42 CFR 413.13(e) or have a change-in-ownership or merger:

1. A hospital which does not have a fourth prior year cost report filed by current owner, will have its prospective outpatient payment percentage based on the overall outpatient cost-to-charge ratio from its fourth prior year cost report for the fourth and fifth SFY after the change-in-ownership or merger which occurred prior to July 1, 2002. For the sixth SFY the hospital’s rate will be established in accordance with subsection (1)(A) of this regulation.

Chart for prospective rates for change in ownership or merger:

<table>
<thead>
<tr>
<th>1st cost report filed calendar year</th>
<th>Settlement calculated</th>
<th>SFY Prospective rate granted</th>
<th>Cost reports used for prospective rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>Yes</td>
<td>1998</td>
<td>No</td>
</tr>
<tr>
<td>1999</td>
<td>Yes</td>
<td>1999</td>
<td>No</td>
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<tr>
<td>2000</td>
<td>Yes</td>
<td>2000</td>
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<td>2001</td>
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<td>2002</td>
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</tr>
<tr>
<td>2003</td>
<td>No</td>
<td>2003</td>
<td>Yes 1999</td>
</tr>
<tr>
<td>N/A</td>
<td>No</td>
<td>2004</td>
<td>1998, 1999 &amp; 2000</td>
</tr>
<tr>
<td>N/A</td>
<td>No</td>
<td>2005</td>
<td>Yes 1999, 2000 &amp; 2001</td>
</tr>
</tbody>
</table>

2. A hospital which has a fourth prior year cost report filed by current owner, will have its prospective outpatient payment percentage based on the overall outpatient cost-to-charge ratio from its fourth prior year cost report for the fourth and fifth SFY after the change-in-ownership or merger which occurred prior to July 1, 2002. For the sixth SFY the hospital’s rate will be established in accordance with subsection (1)(A) of this regulation.

(D) A hospital that has failed to file one (1) of the cost reports used to determine their prospective outpatient payment percentage for the year, whether it be the fourth, fifth, or sixth prior year cost report, will have their prospective outpatient payment percentage based on the two (2) cost reports that are on file with the division plus the average of those two (2) cost reports to be used in place of the missing cost report. For example, if the division does not have on file a fourth prior year cost report but has the fifth and sixth prior year cost reports, an average of the fifth and sixth prior year cost reports would be used in place of the fourth prior year cost report. This average along with the fifth and sixth prior year cost reports would then be used to calculate the prospective outpatient payment percentage.

3. Closed Facilities. Hospitals which closed after January 1, 1999 but before January 1, 2002 will have final settlements for cost reports ending during this time period calculated in accordance with 13 CSR 70-15.040.

4. Definitions.

(A) Base cost report. Desk-reviewed Medicare/Medicaid cost report. When a facility has more than one (1) cost report with periods ending in the fourth prior calendar year, the cost report covering a full twelve (12)-month period will be used. If none of the cost reports covers a full twelve (12) months, the cost report with the latest period will be used. If a hospital’s base cost report is less than or greater than a twelve (12)-month period, the data shall be adjusted, based on the number of months reflected in the base cost report to a twelve (12)-month period.

(B) Cost report. A cost report details, for purposes of both Medicare and Medicaid reimbursement, the cost of rendering covered services for the fiscal reporting period. The Medicare/Medicaid Uniform Cost Report contains the forms utilized in filing the cost report.

(C) Effective date.

1. The plan effective date shall be July 1, 2002.

2. New prospective outpatient payment percentages will be effective July 1 of each SFY.

(D) Nominal charge provider. A nominal charge provider is determined from the fourth prior year desk reviewed cost report. The hospital must meet the following criteria:

1. An acute care hospital with an unsponsored care ratio of at least sixty-five percent (65%) and is licensed for fifty (50) inpatient beds or more and has an occupancy rate of more than forty percent (40%). The unsponsored care ratio is determined as the sum of bad debts and charity care divided by
total net revenue. The hospital must meet one (1) of the federally mandated Disproportionate Share qualifications; or

2. The hospital is a public hospital operated by the Department of Mental Health primarily for the care and treatment of mentally disabled.


13 CSR 70-15.170 Enhanced Disproportionate Share Payment to Trauma Hospitals for the Cost of Care to the Uninsured Provided by Physicians Not Employed by the Hospital


13 CSR 70-15.180 Grant to Trauma Hospitals for the Care Provided by Physicians Not Employed by the Hospital


13 CSR 70-15.190 Out-of-State Hospital Services Reimbursement Plan

PURPOSE: This rule establishes the method of reimbursing out-of-state hospitals for inpatient or outpatient care provided to any recipients of Missouri Medicaid, whether they are under age twenty-one (21) or age twenty-one (21) and over.

(1) Covered inpatient hospital services include those items and services allowed by the Medicaid State Plan including medically necessary care in a semi-private room. If prior authorized Missouri Medicaid may reimburse for a private room if it is certified medically necessary by a physician to avoid jeopardizing the health of the patient or to protect the health and safety of other patients. No payment will be made for any portion of the room charge when the recipient requests and is provided a private room when the private room is not medically necessary.

(2) Payment for authorized inpatient hospital services shall be made on a prospective per diem basis for services provided outside Missouri if the services are covered by the Missouri Medical Assistance (Medicaid) Program. To be reimbursed for furnishing services to Missouri Medicaid recipients, out-of-state providers must complete a Missouri Medical Assistance Program Participation Application and have the application approved by the Missouri Department of Social Services, Division of Medical Services.

(3) Determination of Payment. The payment for inpatient hospital services provided by an out-of-state provider shall be the lowest of:

(A) At the out-of-state hospital’s election, the prospective inpatient payment may be based on information from the hospital’s Medicare base year cost report and all financial documentation required by Missouri regulations for hospitals operating in Missouri with inflationary increases as granted by the Missouri General Assembly or the out-of-state hospital may be exempt from the cost report filing requirements if the hospital accepts the projected statewide average per diem rate for Missouri hospitals as calculated by the Department of Social Services, Division of Medical Services for the state fiscal year in which the service was provided. The effective date for any increase above the statewide average per diem rate for Missouri hospitals shall be the first day of the month following the Division of Medical Services determination of per diem rate based on information from the hospital’s Medicare base year cost report and all financial documentation required by Missouri regulation for hospitals operating in Missouri.

(B) The amount of total charges billed by the hospital. The provider’s billed charges must be their usual and customary charges for services; or

(C) The Medicare deductible or coinsurance, if applicable, up to the amount allowed by the Missouri Medicaid program.

(4) Per Diem Reimbursement Rate Computation. The per diem reimbursement rate computation is the same as calculated for Missouri hospitals.

(5) If a provider fails to submit all financial documentation required by Missouri regulations (Medicare cost report, working trial balance, audited financial statements, Medicaid supplemental schedules, and Worksheet C2552-83 for ancillary costs and charges) for hospitals operating in Missouri within thirty (30) days of making the election to receive payment based on information from cost reports, the payment shall be based on the projected statewide average per diem rate in Missouri as developed by the Department of Social Services, Division of Medical Services for the state fiscal year.

(6) Out-of-state hospitals shall present claims to Missouri Medicaid within three hundred sixty-five (365) days from the date of service. In no case shall Missouri be liable for payment of a claim received beyond one (1) year from the date services were rendered. Inpatient and outpatient hospital services must be submitted on the UB-92 claim form.

(7) Out-of-state hospitals are subject to the Department Concurrent Hospital Review process (utilization review) for all non-emergency services.

(8) The payment for authorized outpatient hospital services provided by an out-of-state hospital shall be the lowest of:

(A) At the out-of-state hospital’s election, a prospective outpatient payment percentage calculated using the Medicaid over-all outpatient cost-to-charge ratio from the fourth, fifth, and sixth prior base year cost reports and all documentation required by Missouri regulation for hospitals operating in Missouri regressed to the current state fiscal year or the out-of-state hospital may be exempt from the cost report filing requirement if the hospital accepts the projected statewide average outpatient payment percentage as developed by the Department of Social Services, Division of Medical Services for the state fiscal year in which the service was provided. The effective date for any increase above the statewide average outpatient payment percentage as developed by the Department of Social Services, Division of Medical Services for the state fiscal year in which the service was provided.

(B) The amount of total charges billed by the hospital. The provider’s billed charges must be their usual and customary charges for services; or

(C) The Medicare deductible or coinsurance, if applicable, up to the amount allowed by the Missouri Medicaid program.
(9) Outpatient Reimbursement Rate Computation. The outpatient reimbursement rate computation is the same as calculated for Missouri hospitals at 13 CSR 70-15.160.

(10) Disproportionate Share Providers. Out-of-state hospitals do not qualify for disproportionate share (DSH) payments unless they have a low income utilization rate exceeding twenty-five percent (25%) for Missouri residents and the out-of-state hospital can demonstrate that the provision of services to Missouri residents has not been considered in establishing their DSH status in any other state.

(11) All Medicaid services are subject to program compliance reviews. Reviews can be performed before services are furnished, after services are furnished and before payment is made, or after payment is made.

(12) Regardless of changes of ownership, management, control, operation, leasehold interests by whatever form for any hospital previously certified for participation in the Medicaid program, the department will continue to make all the Title XIX payments directly to the entity with the hospital’s current provider number and hold the entity with the current provider number responsible for all Medicaid liabilities.

(13) Participation in the Missouri Medicaid program shall be limited to hospitals who accept as payment in full for covered services rendered to Medicaid recipients the amount paid in accordance with Missouri statute and regulations.

(14) Definitions.
(A) The definitions from regulation 13 CSR 70-15.010 are incorporated as 13 CSR 70-15.190.
(B) Base year cost report—shall be either a 1995 Medicare cost report and Missouri’s supplemental cost report schedules for those hospitals enrolled in the Missouri Medicaid program as of the effective date of this regulation or the most recent submitted cost report to Medicare and Missouri’s supplemental cost report schedules for those hospitals that elect to enroll in Missouri Medicaid after the effective date of this regulation.
(C) Out-of-state—not within the physical boundaries of Missouri.
(D) Usual and customary charge—the amount which the individual provider charges the general public in the majority of cases for a specific procedure or service.


*Original authority: 208.201, RSMo 1987.

13 CSR 70-15.200 Payment Policy for a Preventable Serious Adverse Event or Hospital or Ambulatory Surgical Center-Acquired Condition

PURPOSE: This rule establishes the MO HealthNet payment policy for services provided by acute care hospitals or ambulatory surgical centers that result in a preventable serious adverse event or hospital or ambulatory surgical center-acquired condition, errors in medical care that are clearly identifiable, preventable, and serious in their consequences for patients.

(1) Definitions.
(A) Adverse event. A discrete, auditable, and clearly defined occurrence as identified by the National Quality Forum in its list of serious adverse events in health care, as of December 15, 2008, (and as further defined by the criteria and implementation guidance of Table 1 of the National Quality Forum’s publication “Serious Reportable Events in Healthcare: 2006 Update” which is available at http://www.qualityforum.org/publications/reports/sre_2006.asp) or an event identified by the Centers for Medicare and Medicaid Services, as of December 15, 2008, that leads to a negative consequence of care resulting in an unintended injury or illness which was preventable.
(B) Preventable. An event that reasonably could have been anticipated and avoided by the establishment and implementation of appropriate policies, procedures, and protocols by a hospital or ambulatory surgical center or by staff conformance to established hospital or ambulatory surgical center policies, procedures, and protocols.
(C) Serious. An adverse event that results in death or loss of a body part, disability, or loss of bodily function lasting more than seven (7) days or, for a hospital patient, the loss of bodily function is still present at the time of discharge from a hospital.
(D) Healthcare facility. For purposes of the regulation shall mean a hospital or ambulatory surgical center.

(2) Payment to hospitals or ambulatory surgical centers enrolled as MO HealthNet providers for care related only to the treatment of the consequences of a serious adverse event will be denied or recovered by the MO HealthNet Division when such serious adverse event is determined to:
(A) Be preventable;
(B) Be within the control of the hospital or ambulatory surgical center;
(C) Have occurred during an inpatient hospital admission, outpatient hospital surgery care, or care in an ambulatory surgical center;
(D) Have resulted in serious harm; and
(E) Be included on the National Quality Forum list of Serious Reportable Events as of December 15, 2008, or the Centers for Medicare and Medicaid Services list of Medicare Hospital-Acquired Conditions (HCAs), non-payable by Medicare as of December 15, 2008. The National Quality Forum list of serious reportable events as of December 15, 2008, includes:
1. Surgery performed on the wrong body part;
2. Surgery performed on the wrong patient;
3. Wrong surgical procedure on a patient;
4. Foreign object left in a patient after surgery or other procedure;
5. Intraoperative or immediately postoperative death in a normal health patient;
6. Patient death or serious disability associated with the use of contaminated drugs, devices, or biologics provided by the healthcare facility;
7. Patient death or serious disability associated with the use or function of a device in patient care in which the device is used or functions other than as intended;
8. Patient death or serious disability associated with intravascular air embolism that occurs while being cared for in a healthcare facility;
9. Infant discharged to the wrong person;
10. Patient death or serious disability associated with patient elopement (disappearance) for more than four (4) hours;
11. Patient suicide, or attempted suicide resulting in serious disability, while being cared for in a healthcare facility;
12. Patient death or serious disability associated with a medication error (error involving the wrong drug, wrong dose, wrong patient, wrong time, wrong rate, wrong preparation, or wrong route of administration);
13. Patient death or serious disability associated with a hemolytic reaction due to the administration of ABO-incompatible blood or blood products;
14. Maternal death or serious disability associated with labor or delivery on a low-risk pregnancy while being cared for in a healthcare facility;
15. Patient death or serious disability associated with hypoglycemia, the onset of
which occurs while the patient is being cared for in a healthcare facility;

16. Death or serious disability (Kernicterus) associated with failure to identify and treat hyperbilirubinemia in neonates;

17. Stage 3 or 4 pressure ulcers acquired after admission to a healthcare facility;

18. Patient death or serious disability due to spinal manipulative therapy;

19. Patient death or serious disability associated with an electric shock while being cared for in a healthcare facility;

20. Any incident in which a line designated for oxygen or other gas to be delivered to a patient contains the wrong gas or is contaminated by toxic substances;

21. Patient death or serious disability associated with a burn incurred from any source while being cared for in a healthcare facility;

22. Patient death associated with a fall while being cared for in a healthcare facility;

23. Patient death or serious disability associated with the use of restraints or bedrails while being cared for in a healthcare facility;

24. Any instance of care ordered by or provided by someone impersonating a physician, nurse, pharmacist, or other licensed healthcare provider;

25. Abduction of a patient of any age; or

26. Sexual assault on a patient within or on the grounds of a healthcare facility.

(3) A MO HealthNet participant shall not be liable for payment for an item or service related to a serious adverse event or hospital or ambulatory surgical center-acquired condition or the treatment of consequences of a serious adverse event or hospital or ambulatory surgical center-acquired condition that would have been otherwise payable by the MO HealthNet Division.

(4) MO HealthNet payment denials will be calculated by the MO HealthNet Division based on the facts of each serious adverse event. The calculation of the denial of payment will be reviewed by the MO HealthNet director. The final decision of the division regarding the denial of payment shall be subject to review by the Administrative Hearing Commission pursuant to the provisions of 208.156, RSMo. Such payment limitation shall only apply to the hospital or ambulatory surgical center where the adverse event occurred and shall not apply to care provided by other hospitals should the patient subsequently be transferred or admitted to another hospital for needed care.

(5) Hospitals or ambulatory surgical centers enrolled as MO HealthNet providers and paid under the Medicare Inpatient Prospective Payment System (IPPS) shall include the “Present on Admission” (POA) indicator on the UB 04 when submitting claims for payment beginning thirty (30) days after publication of this rule in the Missouri Code of State Regulations. Hospitals or ambulatory surgical centers enrolled as MO HealthNet providers and not paid under the Medicare Inpatient Prospective Payment System (IPPS) shall include the “Present on Admission” (POA) indicator on the UB 04 when submitting claims for payment beginning July 1, 2010. The POA indicator shall be coded as instructed by the Centers for Medicare and Medicaid Services.

(6) On or before January 1, 2010, all hospitals or ambulatory surgical centers enrolled as MO HealthNet providers shall have a contract to participate with a federally-designated Patient Safety Organization (PSO) as defined in the federal Patient Safety and Quality Improvement Act of 2005. The hospital or ambulatory surgical center shall report the occurrence of a serious reportable event and the root cause of the event to the PSO and participate in PSO-related improvement strategies as set forth in the contract.
