

## PROGRAM DESCRIPTION

Department: Social Services

HB Section(s): 11.765

Program Name: Hospital Care

Program is found in the following core budget(s): Hospital Care

### 1a. What strategic priority does this program address?

Provide accessible, quality hospital care and ensure appropriate utilization

### 1b. What does this program do?

The MO HealthNet Division (MHD) reimburses for inpatient and outpatient hospital services for fee-for-service participants. These services are mandatory Medicaid-covered services and are provided statewide. Inpatient hospital services are medical services provided in a hospital acute or psychiatric care setting for the care and treatment of MO HealthNet participants. Outpatient hospital services include preventive, diagnostic, emergency, therapeutic, rehabilitative, or palliative services provided in an outpatient setting.

A full list of Missouri's 171 licensed hospitals can be found on the Department of Health and Senior Services website at:

<https://health.mo.gov/safety/healthservregs/directories.php>. The listing from DHSS dated 7/1/22 lists a total of 171 licensed hospitals which includes 24 additional campus locations, 6 hospitals that are Psychiatric Residential Treatment Facilities (PRTF), and 2 that are Surgery Centers.

### Reimbursement Methodology

#### Inpatient Services

Reimbursement for inpatient hospital stays, also known as a "per diem rate," is determined by a prospective reimbursement plan. The Missouri state plan provides for an inpatient hospital reimbursement rate based on the 1995 cost report. Effective for dates of service beginning 7/1/2022, the inpatient hospital reimbursement rate is based on the third prior year cost report trended to the current SFY. Total reimbursement is calculated based upon an individual participant's inpatient length of stay. To determine an inpatient length of stay, MO HealthNet calculates the lesser of:

- The number of days certified as medically necessary by MHD's authorized utilization review agent
- The number of days billed by the provider for the participant's length of stay
- The number of days allowed for any diagnosis not subject to review and certification by the utilization review agent. (Such diagnoses can be found on MHD's website at: <http://dss.mo.gov/mhd/providers/pdf/exempt-diagnosis-table.pdf>)

A hospital is eligible for an inpatient rate reconsideration to increase their per diem rate if it meets prescribed requirements concerning new or expanded inpatient services.

#### Outpatient Services

Outpatient services, excluding certain diagnostic laboratory procedures, radiology procedures, surgical procedures and drugs are paid on a prospective outpatient reimbursement methodology.

Effective 7/20/2021 all outpatient services are paid from a fee schedule.

Hospitals may also receive reimbursement using funding from the Federal Reimbursement Allowance (FRA) program. The FRA program is a funding source for, but not limited to, inpatient and outpatient services. For a more detailed description of the FRA program, see the FRA program description.

## PROGRAM DESCRIPTION

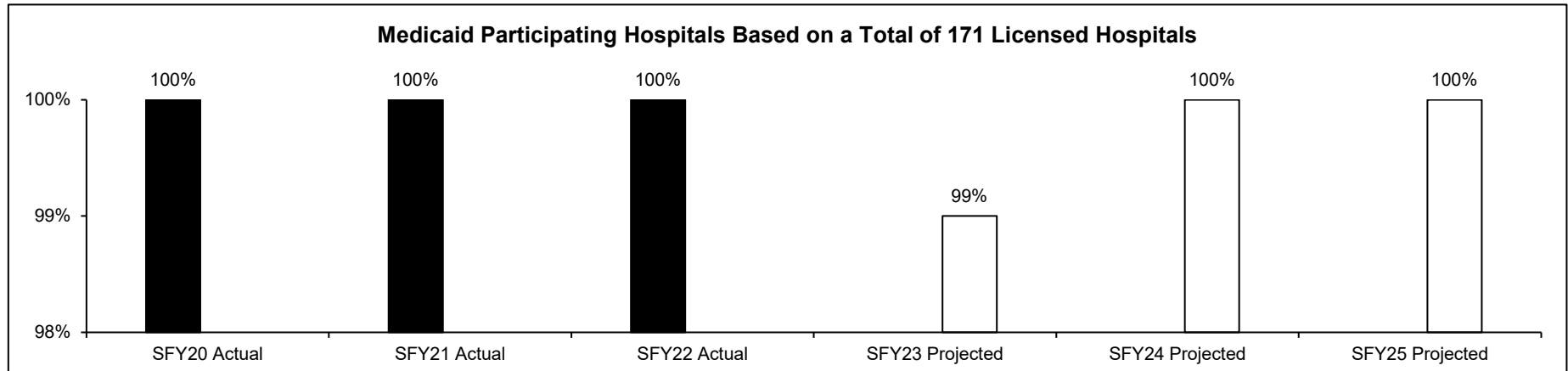
Department: Social Services

HB Section(s): 11.765

Program Name: Hospital Care

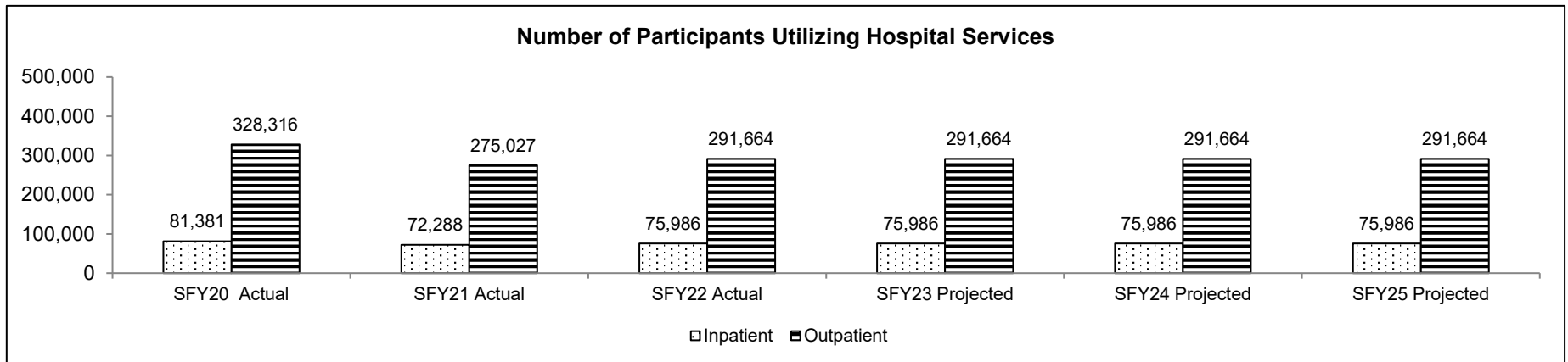
Program is found in the following core budget(s): Hospital Care

### 2a. Provide an activity measure(s) for the program.



**Note 1:** The number of licensed hospitals includes separate licensing for hospitals with multiple sites.

**Note 2:** There are new hospitals that are opening in SFY23. They are licensed with the State of Missouri, but not yet enrolled in Medicaid.



**Note:** Future projections are based on eligibility requirements as of 7/1/22.

## PROGRAM DESCRIPTION

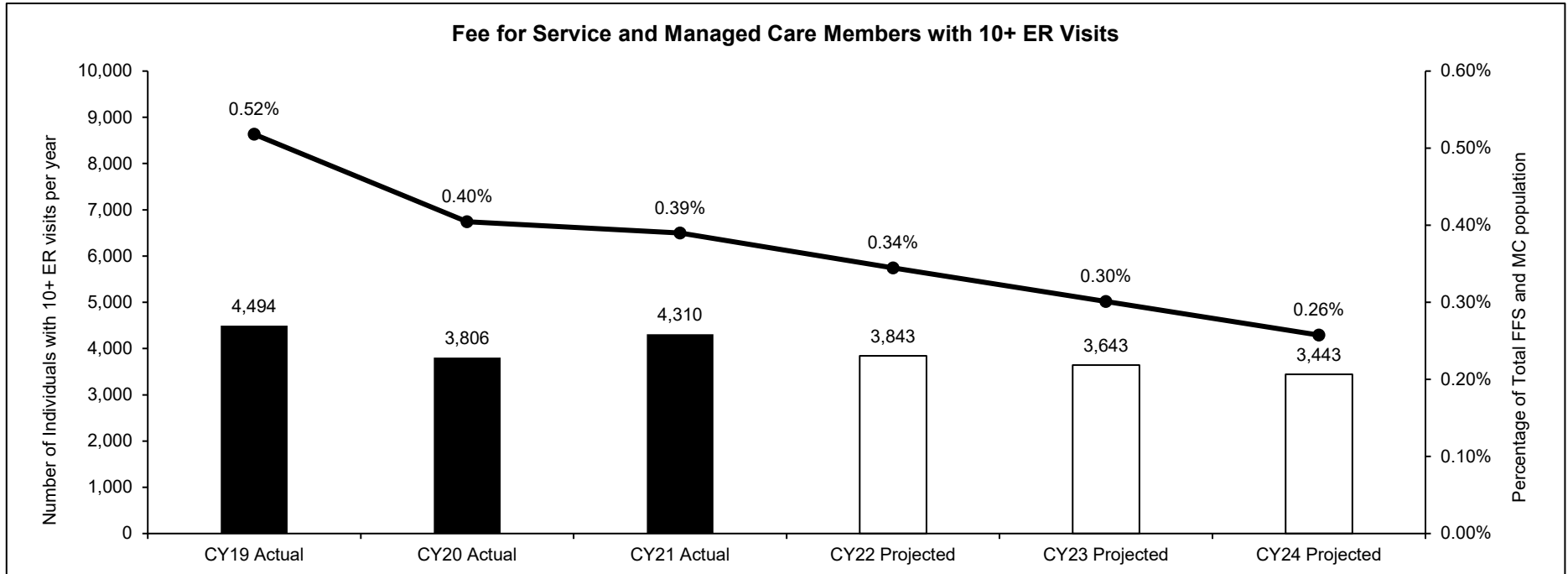
Department: Social Services

HB Section(s): 11.765

Program Name: Hospital Care

Program is found in the following core budget(s): Hospital Care

### 2b. Provide a measure(s) of the program's quality.



**Note:** The drop in CY20 utilization is assumed to be due to COVID.

## PROGRAM DESCRIPTION

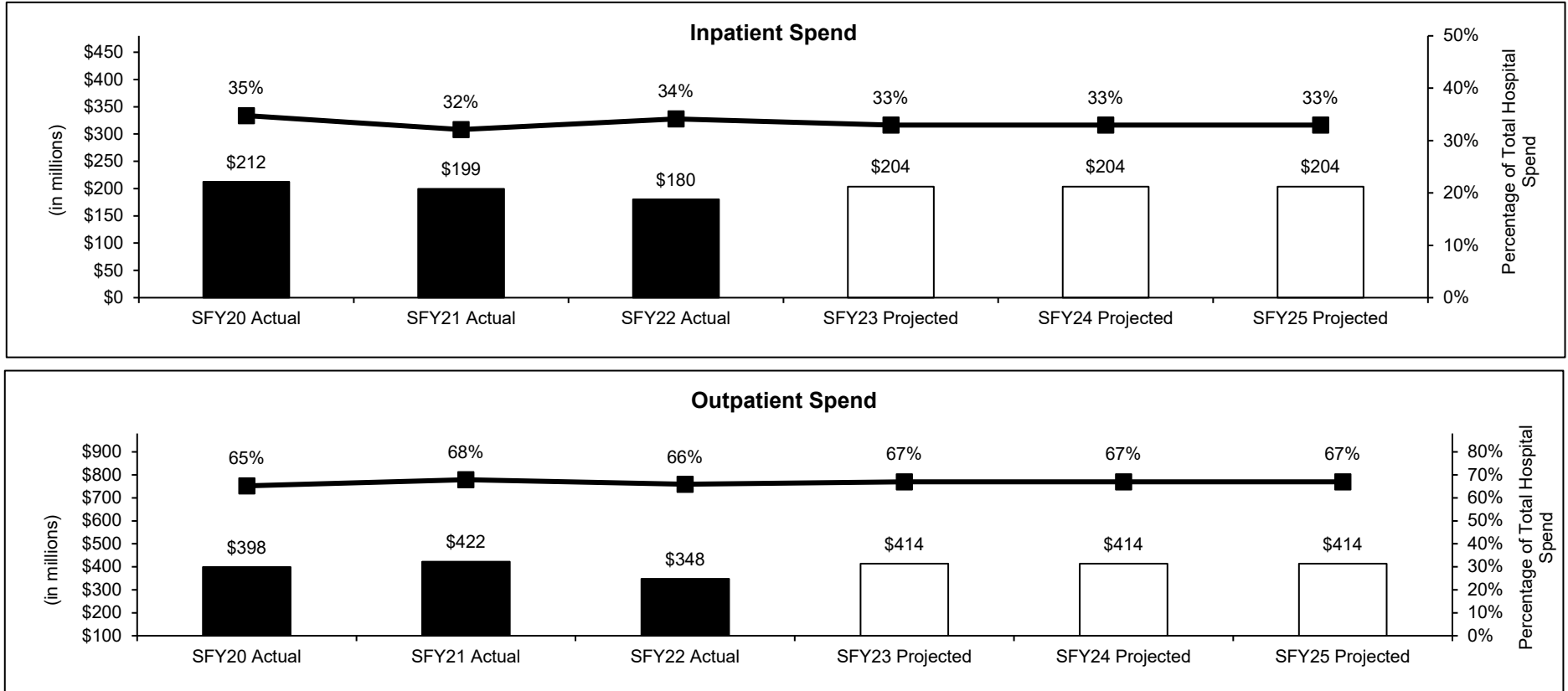
Department: Social Services

HB Section(s): 11.765

Program Name: Hospital Care

Program is found in the following core budget(s): Hospital Care

### 2c. Provide a measure(s) of the program's impact.



**Note:** Effective 07/20/2021 all outpatient hospital services will be paid from a fee schedule.

**Target:** Improve outpatient reimbursement payment policies and priorities by aligning outpatient reimbursement methodology with other payers by adopting a simplified fee schedule. Eighteen state Medicaid programs currently pay based on a simplified fee schedule. Twenty one state Medicaid programs have adopted or plan to adopt the Medicare Ambulatory Payment Classification (APC) or Enhanced Ambulatory Patient Grouping System (EAPG) outpatient reimbursement methodologies. Only twelve states rely primarily on cost reimbursement (interim rate or percent of charges).

## PROGRAM DESCRIPTION

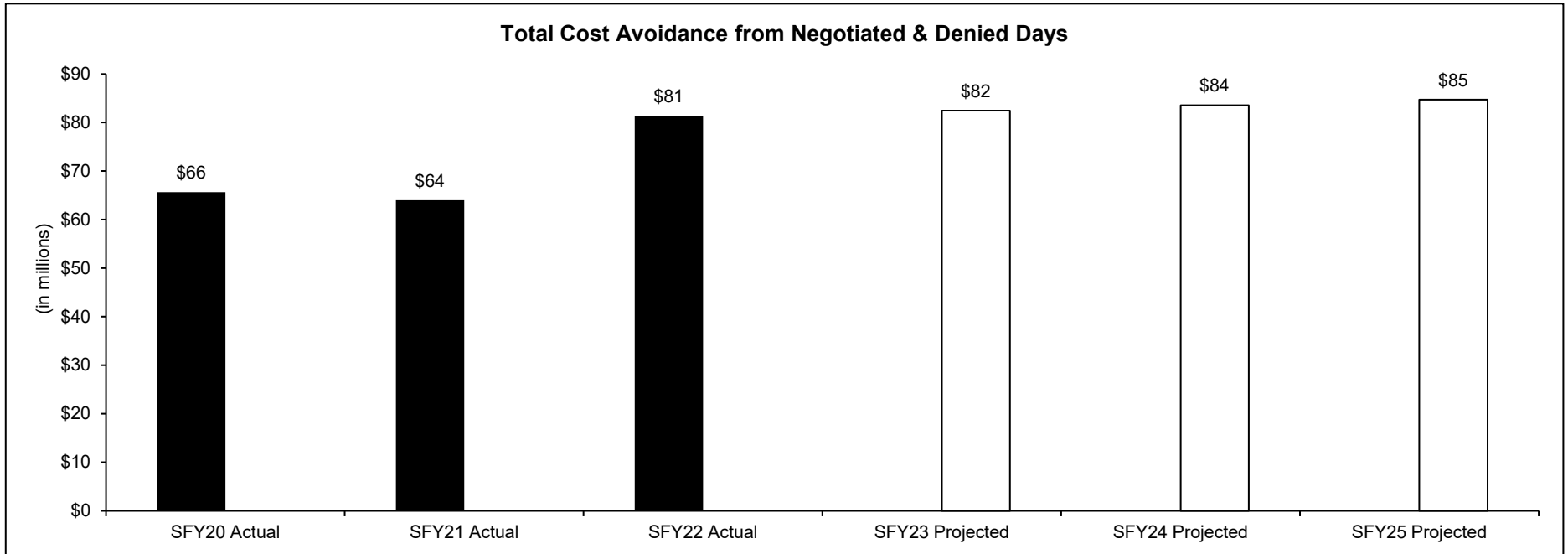
Department: Social Services

HB Section(s): 11.765

Program Name: Hospital Care

Program is found in the following core budget(s): Hospital Care

2d. Provide a measure(s) of the program's efficiency.



**Note:** The number of inpatient days are negotiated or denied based on clinical review.

**Target:** Increase cost avoidance by continuing to avoid unnecessary inpatient admissions or lengths of stay.

## PROGRAM DESCRIPTION

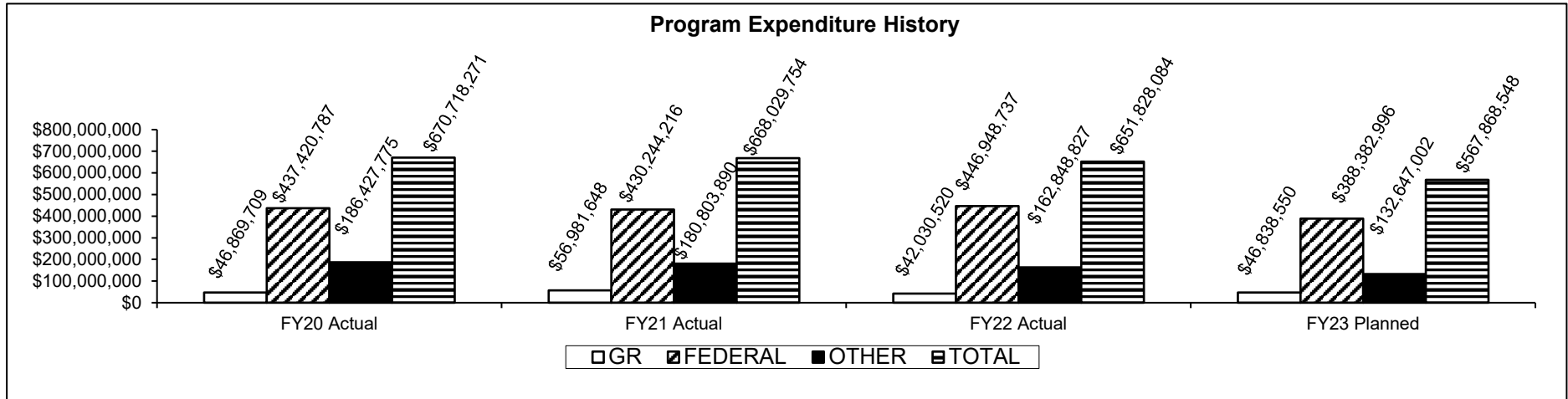
Department: Social Services

HB Section(s): 11.765

Program Name: Hospital Care

Program is found in the following core budget(s): Hospital Care

**3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)**



In FY2022, AEG expenditures are included in total payments. Federal Fund 0809 was used to cover the state share of AEG expenditures. Planned FY2023 expenditures are net reserves.

**4. What are the sources of the "Other" funds?**

Federal Reimbursement Allowance Fund (0142), Pharmacy Reimbursement Allowance Fund (0144), and Healthy Families Trust (0625)

**5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)**

State statute: Sections 208.152 and 208.153, RSMo;

Federal law: Social Security Act Sections 1905(a)(1) and (2), 1923(a)-(f);

Federal regulations: 42 CFR 440.10 and 440.20

**6. Are there federal matching requirements? If yes, please explain.**

The FMAP (Federal Medical Assistance Percentage) fluctuates annually based on state and national economic and population data, but generally the state matching requirement is around 35% and the federal match is around 65%.

**7. Is this a federally mandated program? If yes, please explain.**

Yes, if the state elects to have a Medicaid program.