APA-1

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control No: 560 . Department or Agency: Alabama Medicaid Agency   .

Rule No: 560-X-23-.08 Outpatient Services   .

Rule Title: Outpatient Services   .

_____ New Rule; X Amend; _____ Repeal; _____ Adoption by Reference

Would the absence of the proposed rule significantly harm or endanger the public
health, welfare, or safety?   no

Is there a reasonable relationship between the state's police power and the protection
of the public health, safety, or welfare?   yes

Is there another, less restrictive method of regulation available that could adequately
protect the public?   no

Does the proposed rule have the effect of directly or indirectly increasing the costs
of any goods or services involved and, if so, to what degree?   no

Is the increase in cost, if any, more harmful to the public than the harm that might
result from the absence of the proposed rule?   no

Are all facets of the rulemaking process designed solely for the purpose of, and so
they have, as their primary effect, the protection of the public?   yes
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Does the proposed rule have any economic impact? _____ no

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal
note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.
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Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of
Chapter 22, Title 41, Code of Alabama 1975 and that it conforms to all applicable filing requirements of
the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer: Stephanie Lindsay

Date: 7|22|13
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EDITED AND APPROVED BY _____ DOCUMENT NO. _____

ALABAMA MEDICAID AGENCY

NOTICE OF INTENDED ACTION

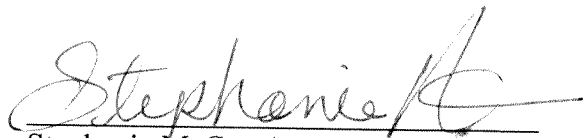**RULE NO. & TITLE:** 560-X-23-.08 Outpatient Services

INTENDED ACTION: Amend 560-X-23-.08 Outpatient Services

SUBSTANCE OF PROPOSED ACTION: The above referenced rule of the Administrative Code is being amended to change the methodology of calculating outpatient hospital reimbursement for hospital treatment to reflect the changes approved by CMS in the most recent SPA.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Written or oral comments may be submitted to the Alabama Medicaid Agency, 501 Dexter Avenue, Post Office Box 5624, Montgomery, Alabama 36103-5624. Agency business hours are 8:00 a.m. to 5:00 p.m. Monday through Friday.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:. Written/Oral comments concerning this change must be received by the Alabama Medicaid Agency no later than September 4, 2013.

CONTACT PERSON AT AGENCY: Stephanie Lindsay, Administrative Secretary, Alabama Medicaid Agency, 501 Dexter Avenue, Post Office Box 5624, Montgomery, Alabama 36103-5624.

Stephanie McGee Azar
Acting Commissioner

Rule No. 560-X-23-.08 Outpatient Services

(1) Non-certified emergency room visits will be restricted to three (3) per calendar year. Certified emergency room visits must be properly documented by the attending physician in the medical record. Hospitals shall not be paid more than three non-certified emergency room visits per year, but the costs of providing additional care shall be accounted for and reported to Alabama Medicaid as a cost of providing care to Medicaid eligible recipients.

(2) Outpatient Medicaid Base Payments.

~~(a) For State fiscal years 2012 and 2013, Medicaid shall pay each in-state hospital a base amount from approved rates based on procedure codes. The Agency's outpatient rates will be set using the fee schedule adopted by the Agency as of October 1, 2009, with a six percent (6%) inflation rate applied for each procedure code.~~

~~(b) Payment for all out-of-state outpatient hospital services will be from approved rates based on procedure codes. The fee schedule is published on the Alabama Medicaid Agency's website (http://www.medicaid.alabama.gov/billing/fee_schedules.aspx?tab=6).~~ Outpatient Medicaid Base Payments will be calculated as described in the Alabama Medicaid Agency State Plan and amendments thereto as currently approved by the Hospital Services and Reimbursement Panel.

(3) Outpatient Access Payments.

~~For the period from October 1, 2011, through September 30, 2013, in addition to any other funds paid to hospitals for outpatient hospital services to Medicaid patients, each eligible hospital, except for hospitals as outlined in 4. below, shall receive outpatient hospital access payments each state fiscal year. The outpatient hospital access payment shall be calculated as follows:~~

~~(a) The Medicaid Agency shall identify the total Medicaid outpatient hospital payments to hospitals for state fiscal year 2012 and 2013.~~

~~(b) The Medicaid Agency shall estimate the amount that would have been paid for the services identified in step (a) using Medicare principles consistent with the upper payment limit (UPL) requirements set forth in 42 CFR 447.321.~~

~~(1.) The Agency shall subtract step (a) from step (b) to determine the aggregate outpatient hospital access payment amount.~~

~~(2.) Each eligible hospital, excluding private free-standing psychiatric hospitals, shall annually receive outpatient access payments equal to the difference between the hospital's allowable cost of providing Medicaid outpatient hospital services for state fiscal year 2009 and base payments for the current fiscal year.~~

~~(c) Outpatient hospital access payments shall be made on a quarterly basis to private hospitals, non-state government owned and operated hospitals, and state owned or operated hospitals.~~

~~(1.) If during state fiscal year 2012 or 2013 there is an extraordinary change in a hospital's cost related to a known and measurable change which increases a hospital's upper payment limit, a determination, by the Agency, as to whether the upper payment limit could be recalculated will be made. The upper payment limit calculation methodology will remain the same for all private hospitals, unless exemption is granted by the Centers for Medicare & Medicaid Services (CMS), and will not vary based on one hospital's change in cost. Based on modified methodology, additional payments may be made to qualifying hospitals. An~~

extraordinary known and measurable event is one that results in at least a fifty percent (50%) increase in capital costs and the hospital has at least a fifteen percent (15%) Medicaid inpatient rate.

(4) Privately owned acute care hospitals, that meet the criteria in (a) and (b) below, shall be paid an enhanced payment not to exceed in the aggregate, the upper payment limit (UPL) as described in 42 CFR 447.321.

(a) The hospital must be located in a county with a population greater than 200,000 (according to the latest U.S. census), and

(b) The hospital must participate in the county's largest city's outpatient/emergency room assistance program. The enhanced payment to privately owned acute care hospitals, that meet the criteria in (a) and (b) above, excluding hospitals which predominately treat children under the age of 18 years, will be determined on an annual basis by Medicaid and divided evenly among qualified hospitals.

Outpatient Access Payments will be calculated as described in the Alabama Medicaid Agency State Plan and amendments thereto as currently approved by the Hospital Services and Reimbursement Panel.

Author: Keith Boswell, Director, Provider Audit/Reimbursement.
Statutory Authority: State Plan, Title XIX, Social Security Act, 42 C.F.R. Section 401, et seq.
History: Effective June 9, 1986. **Amended**: Emergency Rule filed and effective September 2, 2010. Filed September 20, 2010; effective December 17, 2010. **Amended**: Emergency Rule filed and effective October 1, 2011. Filed September 23, 2011. **Amended:** Filed December 12, 2011; effective January 16, 2012. **Amended:** Filed July 22, 2013.