



Last Updated: 07/26/2022

Hospital Reimbursement for State Fiscal Year 2021 (SFY21)

This memorandum notifies hospitals about reimbursement for state fiscal year 2021 (SFY21).

Hospital Inflation Adjustment

In accordance with Chapter 12 of the Virginia Administrative Code (VAC) Section 30-70-351(A), the current year inpatient and outpatient rates for acute care, inpatient rehabilitation and freestanding psychiatric hospitals will receive an inflation adjustment for state fiscal year (SFY21). The inflation for State Fiscal Year (SFY) 2021 is 2.9%. However, after correcting for previous inflation projections as required by regulations, there will be a 2.4% inflation adjustment.

Inpatient Hospital Capital Reimbursement

In accordance with 12VAC 30-70-271(B)(6), inpatient capital percentages reflect 71% of costs for Type Two hospitals (75% for CHKD) and 96% of costs for Type One hospitals. The capital percentages have been revised consistent with fee-for-service (FFS) cost reports with fiscal year ending in SFY19, which are the most recently available. Inpatient capital reimbursement will be cost settled for FFS. The new capital percentages will be effective for claims with dates of service on or after July 1, 2020, and are posted on the DMAS website.

Quarterly Lump Sum Reimbursement: DSH/IME/GME

Payment of the Disproportionate Share Hospital (DSH) adjustment, Indirect Medical Education (IME), and Graduate Medical Education (GME) is separate from inpatient and outpatient claim payments. These payments reflect the 2.4% inflation adjustment for the federal fiscal year (FFY21). Payments are made as lump sum amounts at the end of each quarter. Payments for the fourth quarter will be made at the beginning of the next state fiscal year.

Lump sum payment amounts will be posted on the DMAS website no later than July 15, 2020, for Type Two hospitals, except for CHKD. Lump sum payment amounts for CHKD and Type One hospitals will be posted on the DMAS website no later than September 30, 2020.

Disproportionate Share Hospital (DSH) Payment

In accordance with 12VAC 30-70-301(A), DSH payments are fully prospective amounts determined in advance of the state fiscal year to which they apply and are not subject to revision except for the application of limitations determined at cost settlement. In addition to meeting the 14% Medicaid utilization requirement in the DSH base year (i.e., cost reports with fiscal year ending in FY18), DSH

hospitals must also meet the obstetric staff requirements or one of the regulatory exceptions. Any DSH hospital that eliminates obstetric services must promptly notify DMAS.



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Indirect Medical Education (IME) and Graduate Medical Education (GME)

In accordance with 12VAC 30-70-291(A), prospective IME percentages for SFY21 have been calculated using the most recent resident and intern to bed ratios from cost reports with fiscal year ending in SFY19.

IME payments will be cost settled based on the hospital's FFS and MCO operating costs. Prospective IME percentages and the interim annual IME payments will be posted on the DMAS website.

In accordance with 12VAC 30-70-281(B), GME costs for interns and residents are reimbursed on a perresident basis for Type Two hospitals. The annual interim GME payment reflects the most recently available hospital-reported number of interns and residents along with estimated nursing and paramedical education costs. GME payments for interns and residents will be settled based on the actual number of full-time equivalent (FTE) interns and residents, as reported on the hospital's annual cost report. Type One hospitals are reimbursed cost for interns and residents. GME payments for nursing and paramedical education costs will be cost settled. Interim GME payments will be posted on the DMAS website.

In accordance with Item 313.BBB(8) of the 2020 Virginia Appropriations Act, all hospitals that qualify for GME lump sum payments must provide information regarding the number and specialty/subspecialty of interns and residents. GME hospitals will receive a letter, no later than August 1, 2020, specifying the required data elements and formats. The response to this letter will be required, separate and apart from the intern and resident FTE information required for the hospital cost report, and must be submitted to DMAS no later than September 15, 2020.

SFY 2021 Rate Notification

All hospital rates and rate parameters as well as lump sum payment amounts will be posted on the DMAS website at: <http://www.dmas.virginia.gov/#/ratesetting> and will be considered official notification. DMAS will post rates from the last hospital rebasing year through the current state fiscal year as well as a log of any updates or revisions during the year.

Payments for Primary Care and High-Need Specialty Residents for Underserved Areas

Item 313.BBB(1) of the 2020 Virginia Appropriations Act authorizes DMAS to award twenty-seven (27) new residency payments beginning in SFY21. However, funding will not be available for any of the new residency payments unless the General Assembly and the Governor take further action in FY21. Payments for residency programs that began in prior state fiscal years will continue until the residency ends (i.e., three or four years, depending upon the program of study). Hospitals with residency programs that began in prior state fiscal years must certify, no later than June 1, 2020, that the residency programs continue to meet DMAS requirements. Payments follow the same quarterly schedule as other lump sum payments.

Changes to Medicaid Emergency Room and Hospital Readmissions Reimbursement

Item 313.AAAAA and Item 313.BBBBB of the Virginia Appropriations Act authorizes DMAS to make the following hospital reimbursement changes effective July 1, 2020.



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- Reduce payment for emergency room claims for codes 99282, 99283 and 99284 to the rate for code 99281 if the emergency room claim is identified as a preventable emergency room event.
- Reduce payment to 50% of the normal payment when patients are readmitted to the hospital for the same or similar diagnosis between five and 30 days of discharge excluding planned readmissions, obstetrical readmissions, admissions to critical access hospitals or in any case where the patient was originally discharged against medical advice.

DMAS will provide additional information in a Medicaid Bulletin prior to implementation.

For questions about hospital reimbursement, please contact Sara Benoit by phone: (804) 786-3673, or by e-mail: Sara.Benoit@dmas.virginia.gov.

Medicaid Expansion Eligibility Verification

Medicaid coverage for the new expansion adult group began January 1, 2019. Providers may use the Virginia Medicaid Web Portal and the Medicaid audio response systems, as shown in the table below, to verify Medicaid eligibility and managed care enrollment, including for the new adult group. In the Virginia Medicaid Web Portal, individuals enrolled in the new adult group are shown as "MEDICAID EXP." If the individual is enrolled in managed care, the "MEDICAID EXP" segment will be shown as well as the "MED4" (Medallion 4.0) or "CCCP" (CCC Plus) managed care enrollment segment. Eligibility and managed care enrollment information is also available through the DMAS Medicaid eligibility verification system. Additional Medicaid expansion resources for providers are available on the DMAS Medicaid Expansion webpage at: <http://www.dmas.virginia.gov/#/medex>.

PROVIDER CONTACT INFORMATION & RESOURCES	
Virginia Medicaid Web Portal Automated Response System (ARS) Member eligibility, claims status, payment status, service limits, service authorization status, and remittance advice.	www.virginiamedicaid.dmas.virginia.gov
Medicall (Audio Response System) Member eligibility, claims status, payment status, service limits, service authorization status, and remittance advice.	1-800-884-9730 or 1-800-772-9996
KEPRO Service authorization information for fee-for-service members.	https://providerportal.kepro.com
Managed Care Programs Medallion 4.0, Commonwealth Coordinated Care Plus (CCC Plus), and the Program of All-Inclusive Care for the Elderly (PACE). In order to be reimbursed for services provided to a managed care enrolled individual, providers must follow their respective contract with the managed care plan/PACE provider. The managed care plan may utilize different guidelines than those described for Medicaid fee-for-service individuals.	
Medallion 4.0 Managed Care Program	http://www.dmas.virginia.gov/#/med4
CCC Plus Managed Care Program	http://www.dmas.virginia.gov/#/cccplus



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600 East Broad Street
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<https://dmas.virginia.gov>

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PACE Program

<http://www.dmas.virginia.gov/#/longtermprograms>

Magellan Behavioral Health

Behavioral Health Services Administrator,
check eligibility, claim status, service
limits, and service authorizations for fee-
for-service members.

www.MagellanHealth.com/Provider

For credentialing and behavioral health service
information, visit:

www.magellanofvirginia.com, email:
VAProviderQuestions@MagellanHealth.com, or
call: 1-800-424-4046