

Outpatient Hospital UPL Guidance

**I. The basis of the UPL formula is:**

- Cost-Based Demonstration (e.g. Cost-to-charge ratio X Medicaid covered O/P charges) or
- Payment-Based Demonstration (e.g. Payment-to-charge ratio X Medicaid covered O/P charges)
- Other (please describe below):

Please provide a general description of the formula:

**II. The source of the UPL Medicare equivalent data is:**

- The Medicare Cost Report (CMS 2552)
  - Filed or
  - Settled or
- Other Data Source (Please describe)

What is the time period of the data?

Base year data: \_\_\_\_\_

Rate year data: \_\_\_\_\_

**III. The state uses the cost report references below:**

Cost-Based Demonstration (Cost-to-Charge Ratio):

- Worksheet C
- Worksheet D

Describe which columns and lines that are used to determine the cost-to-charge ratios.

Payment-to-Charge Demonstration (Payment to Charge Ratio):

Worksheet E, Part B (Payments) / Worksheet D, Part V and VI (Charges)

Describe which columns and lines that are used to determine the payment-to-charge ratios.

Does the Medicare payment data represent gross reported payment or are adjustments made to the data to capture the net payment?

Gross

Net

For net reported payments, please explain the adjustments for primary care payments, deductible, coinsurance and reimbursable bad debts. (Please note: if deductibles and coinsurance are added onto the Medicare payment, the state should remove reimbursable bad debts included in the Medicare payments).

Other Cost Report Worksheets, Columns and Lines used:

If the state uses other worksheets, describe them and how they are applied.

**IV. The State applies the Medicaid charge data, as described below to the Medicare charge ratios:**

- The Medicaid charges are from paid claims reported from the MMIS.
- The Medicaid charges are from another source. Other source: \_\_\_\_\_.
- Do the dates of service for the Medicaid charge data match the dates of services from the Medicare cost report data? If no, please explain.

Does the state only include Medicaid charges from in-state Medicaid residents?

- Yes
- No

Does the charge data exclude crossover claims?

- Yes
- No

Are physicians and other professional services excluded?

- Yes
- No

Please explain the inclusion of any professional service charges and verify that those services as covered, paid and billed as Medicaid outpatient hospital service payments in accordance with the State’s approved State plan methodology.

**V. The UPL demonstration applied Medicaid payment data as follows:**

Medicaid base payment data is reported from the MMIS.

- Yes
- No

If the source of the payment data is a different source, please explain:

Are the dates of service for the Medicaid payment data consistent with the Medicaid charge data and the hospital cost reporting period?

Yes

No

If no, please explain:

Medicaid payment data includes ALL base and supplemental payments to outpatient hospital providers. Base and supplemental payments must be separately identified. Note: any reimbursement paid outside of the MMIS should be included.

Yes

No

Please explain payments that are made outside of the MMIS.

Medicaid payment data exclude crossover claims.

Yes

No

Is the Medicaid payment reported gross or net of primary care payments, deductibles and co-pays?

Gross

Net

Describe how Medicaid payment rate changes between the base period and the UPL period are accounted for in the demonstration?

Does the dollar amount of payments for the UPL base period equal the “claimed” amounts on the CMS-64, Medicaid Expenditures report for the UPL time period?

Yes

No

If no, please provide a reconciliation and explanation of the difference?

**VI. The State trends and adjusts the UPL Data, as below:**

The State trends the UPL for inflation

Yes

No

Explain the trending factor and its source.

Is the inflation trend applied from “mid-point to the mid-point” in order to most accurately project future experience?

Yes

No

The state trends the UPL for volume/utilization

Yes

No

Explain the volume/utilization adjustment, including: how it will assure the UPL does not over or understate the volume of Medicaid inpatient hospital services provided in the rate year, how it

is applied and that it is applied consistently to the Medicare equivalent and Medicaid payment data:

Please explain all additional trends or factors that are used in the demonstration and their application:

Does the state apply a claims completion factor to the payment data?

Yes

No

Please explain the claims completion factor and its application:

Does the state apply a claims completion factor to the charge data?

Yes

No

Please explain the claims completion factor and its application:

Is the claims completion factor equally applied to the payment and charge data?

Yes

No

**VII. The state has conducted an analysis of clinical diagnostic laboratory services:**

The State plan specifies that the State pays a percentage of the Medicare fee schedule for clinical diagnostic lab services in compliance with section 1903(i) of the Social Security Act?

Yes

No

The State does not pay a percentage of Medicare, however, the State demonstrates that Medicaid payment rates fall below the Medicare fee schedule for clinical diagnostic lab services on a per test basis?

Yes

No

The State included clinical diagnostic lab services in the outpatient UPL. The State demonstrates compliance with section 1903(i) of the Act through a demonstration or assurance that payments do not exceed the Medicare fee schedule on a per test basis.

Yes

No

**VIII. The State UPL data demonstration is structured as follows:**

The state conducted the UPL demonstration separately for state government owned or operated, non-state government owned or operated and privately owned or operated hospitals.

Yes

No

All Medicaid base and supplemental payments are included in the demonstration and are separately identified.

Yes

No

The demonstration includes all facilities that receive outpatient hospital payments under Medicaid.

Yes

No

The demonstration only includes in-state hospitals.

Yes

No

If the state includes out of state hospitals in the UPL calculation, please verify that data on cost/payments have been obtained from the cost report of the out of state hospitals and include the hospitals in the “private” bucket for purposes of the UPL.

Yes

No

Are Critical Access Hospitals included?

Yes

No

Describe how the state accounts for CAHs in the UPL calculation?

If CAHS are excluded, please explain the decision to exclude them from the UPL and the basis for demonstrating compliance with 42 CFR 447.321.

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