

**UPPER PAYMENT LIMIT SUPPLEMENTAL PAYMENTS FOR OUTPATIENT SERVICE
AT PRIVATE HOSPITALS**

In order to preserve access to outpatient hospital services for needy individuals in the state of Nevada, effective July 1, 2023, the state's Medicaid reimbursement system shall provide for certain upper payment limit (UPL) supplemental payments to all qualifying private hospitals. These supplemental payments shall be determined on an annual basis and paid to qualifying private hospitals on a quarterly basis. The supplemental payments are for Medicaid fee-for-service outpatient hospital services. The supplemental payments shall not exceed, when aggregated with other payments made to private hospitals, 100% of a reasonable estimate of the amount that would be paid for such services under Medicare payment principles for private hospitals (i.e., the UPL).

1. Eligibility

All private hospitals in the State of Nevada are eligible to receive an Outpatient Hospital UPL supplemental payment.

To be eligible for payment, a private hospital must follow all policies or procedures deemed necessary by the state to ensure compliance with federal tax requirements. Otherwise, the State may deny or hold payment until federal compliance can be verified.

2. Methodology

The state will calculate the aggregate difference between Medicaid payments for outpatient hospital services made under all other provisions of the state plan and the UPL for such services. Data from the state's most recent UPL demonstration to CMS, trended to the payment year, will be used as the estimate for the UPL. Medicaid payments used to calculate the aggregate difference will be from the same year as the UPL demonstration data, trended to the payment year, as appropriate.

The annual payment amount for each hospital is calculated as follows:

- a. First, the state will calculate the aggregate difference between outpatient Medicaid payments paid under the state plan and the UPL for all private hospitals.
- b. Second, each hospital will receive a share of the amount calculated in (1) above based on paid outpatient fee-for-service (FFS) Medicaid claims. For purposes of this calculation, the outpatient FFS Medicaid claims paid are weighted for a Critical Access Hospital (CAH) by a factor of 2.3 and for a Sole Community Hospital by 1.15. Each remaining hospital will receive a share of the remaining funds based on that hospital's proportion of the total number of Medicaid claims paid for outpatient FFS for all non-CAH private hospitals during the year used for the UPL demonstration.
- c. If the total calculated amount to be paid to all eligible hospitals exceeds the estimated aggregate UPL, the payment to each hospital will be reduced by a proportional amount.

The annual payment amount will be paid in four equal quarterly amounts at the end of each quarter. However, for fiscal year 2024, the payment amount and timing will vary depending on SPA approval.