

UPPER PAYMENT LIMIT SUPPLEMENTAL PAYMENTS FOR INPATIENT HOSPITAL SERVICES AT PRIVATE HOSPITALS

In order to preserve access to inpatient 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 in the State of Nevada. These supplemental payments shall be determined on an annual basis and paid to qualifying private hospitals on a quarterly basis. These supplemental payments are for Medicaid fee-for-service inpatient hospital services. The supplemental payments shall not exceed, when aggregated with other payments made to private hospitals under all other provisions of the state plan, 100% of a reasonable estimate of the amount that would be paid for such services under Medicare payment principles (i.e. the UPL).

1. Eligibility

All private hospitals in the State of Nevada are eligible to receive an Inpatient 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

For purposes of these supplemental payments, private hospitals are subdivided into the following classes of hospitals:

- a. Freestanding psychiatric hospitals
- b. Rehabilitation hospitals
- c. Long Term Acute Care hospitals (LTACs)
- d. Short Term Acute Care hospitals (STACs)
- e. Critical Access Hospitals (CAHs)

For each class of hospitals, the state will calculate the aggregate difference between Medicaid payments for inpatient 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. For freestanding psychiatric hospitals, rehabilitation hospitals, LTACs and CAHs, each hospital will receive a payment equal to its non-negative proportional contribution to the aggregate difference between Medicaid payments paid under all other provisions of the state plan and the UPL for that class of hospitals.
- b. For STACs, the payment to each hospital will be calculated as follows:
 1. First, the state will calculate the aggregate difference between Medicaid payments paid under all other provisions of the state plan and the UPL for all STACs.

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2. Second, each hospital will receive a share of the amount calculated in 2.b.1. above based on that hospital's proportion of the total fee-for-service paid Medicaid days provided by all STACs 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.