

Medicaid Operations Manual
Transmittal Letter

October 29, 2024

To: Custodians of Medicaid Services Manual

From: Casey Angres, Chief of Division Compliance *Casey Angres*
Casey Angres (Jan 2, 2025 10:53 PST)

Subject: Medicaid Operations Manual Changes
Chapter 1300 – Private Hospital Tax Program

Background and Explanation

Addition of new Medicaid Operations Manual (MOM) Chapter 1300 – Private Hospital Tax Program is being proposed to establish the necessary policies and procedures for the private hospital provider tax program.

Entities Financially Affected: The overall financial impact for the majority of private hospitals is in the positive with the new tax program of more than \$600 million in new supplemental payments for private hospitals on inpatient and outpatient services. There were four hospitals that experienced a net negative impact of no more than \$2.5 million in total for state fiscal year (SFY) 2024. Over time, the tax program will vary in the impact on hospitals and depends on how many Medicaid patients they serve. The more Medicaid patients served, the more likely the net impact for a hospital will be in the positive each SFY.

Financial Impact on Local Government: None.

These changes are effective October 30, 2024.

Material Transmitted	Material Superseded
MTL 19/24	MTL NEW
Private Hospital Tax Program	Private Hospital Tax Program

Manual Section	Section Title	Background and Explanation of Policy Changes, Clarifications and Updates
1300	INTRODUCTION	Added Introduction to establish policies related to the assessment imposed on Private Hospitals.
1301	STATUTORY AUTHORITY	Added NRS 422.3794 Authority.
1302	DEFINITIONS	Added definitions for terms used throughout the chapter.
1303	THE ASSESSMENT	Described how each Public Hospital will be notified of the assessment amount owed, how the assessment calculation is made by utilizing the Medicare Cost

Manual Section	Section Title	Background and Explanation of Policy Changes, Clarifications and Updates
		Reports, when the assessment is due, and when the payment is due.
1304	CHANGE OF OWNERSHIP	Described which entity during a change in ownership is responsible.
1305	HOSPITAL OPERATING STATUS	Included procedure for new hospitals and what to do if a private hospital closes.
1306	PENALTIES FOR NONPAYMENT	Information about penalties for nonpayment of assessment amount.
1307	ASSESSMENT REVENUE AND USES	Explained how the revenue from the assessment will be used.
1308	STATE DIRECTED PAYMENTS	Stated that in order to be eligible to receive the state directed payments, a private hospital must be in compliance with state and federal requirements.
1309	FEDERAL COMPLIANCE	Explained that the assessment must comply with federal laws, regulations, and guidance. The DHCFP may cease operations of the assessment if a federal disallowance occurs.

DIVISION OF HEALTH CARE FINANCING AND POLICY

MEDICAID OPERATIONS MANUAL
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	MTL 19/24
DIVISION OF HEALTH CARE FINANCING AND POLICY	Section: 1300
MEDICAID OPERATIONS MANUAL	Subject: INTRODUCTION

1300 INTRODUCTION

Nevada Revised Statute (NRS) 422.3794 permits the Division of Health Care Financing and Policy (DHCFP) to assess a fee on operators of various medical facilities and providers if the majority of the operators surveyed vote in the affirmative for the fee. A majority of Private Hospitals voted in 2023 for such a fee under NRS 422.3794. The purpose of this chapter is to establish policies for specific requirements, conditions, and penalties related to the assessment imposed on Private Hospitals by DHCFP pursuant to NRS 422.3794.

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DIVISION OF HEALTH CARE FINANCING AND POLICY	Section: 1301
MEDICAID OPERATIONS MANUAL	Subject: STATUTORY AUTHORITY

1301 STATUTORY AUTHORITY

The program and this chapter are established under state law in accordance with NRS 422.3794.

	MTL 19/24
DIVISION OF HEALTH CARE FINANCING AND POLICY	Section: 1302
MEDICAID OPERATIONS MANUAL	Subject: DEFINITIONS

1302 DEFINITIONS

BULLETIN

A notification from DHCFP announcing or reaffirming policy decisions as administrative guidance to affected parties.

DEPARTMENT

Nevada Department of Health and Human Services.

HOSPITAL

Hospital has the meaning ascribed to it in NRS 449.012.

INPATIENT

Inpatient has the meaning ascribed to it in NAC 449.289.

NET REVENUE

The amount of money a hospital received for rendering services. It reflects adjustments for contractual payment terms, discounts, bad debt, charity care, and other allowances.

OUTPATIENT

Outpatient has the meaning ascribed to it in NAC 449.297.

PRIVATE HOSPITAL

A hospital that is not owned or operated by a governmental unit.

STATE DIRECTED PAYMENT

A Medicaid payment that the state may require a managed care organization (MCO), as defined under NRS 695G.050, to pay directly to specific providers under 42 CFR 438.6(c).

	MTL 19/24
DIVISION OF HEALTH CARE FINANCING AND POLICY	Section: 1303
MEDICAID OPERATIONS MANUAL	Subject: THE ASSESSMENT

1303 THE ASSESSMENT

1303.1 THE ASSESSMENT PUBLICATION

DHCFP shall notify each Private Hospital electronically with the assessment amount owed, the due date by which payment must be received, and the account information or address to which payment may be remitted. For the first quarter of each state fiscal year (SFY), the notification will be made as soon as practicable. For the remaining quarters of each SFY, the notification will be made no later than the end of the second week of the first month of the particular quarter.

1303.2 THE ASSESSMENT CALCULATION

The assessment rate will be equal to a percentage of a hospital’s net patient revenue less Medicare net patient revenue for inpatient and outpatient services, respectively. Net patient revenue will be calculated by DHCFP by utilizing hospital Medicare Cost Reports.

- A. DHCFP will base the percentage of net patient revenue on the estimated sum of assessment revenue necessary to collect sufficient federal Medicaid funding to finance the supplemental payments and other permissible uses described in NRS 422.3795.
- B. DHCFP may recalculate an assessment rate during an SFY, if DHCFP determines that:
 - 1. More funding is necessary to fund the authorized uses described in Section 1307; DHCFP may increase the assessment rate using the same publication methods described in this section.
 - 2. The assessment rate generates too much funding for the authorized uses described in Section 1307; DHCFP may decrease the assessment rate using the same publication methods described in this section. If such a determination is made, DHCFP may refund assessment revenues to the payers on a proportional basis.

1303.3 THE ASSESSMENT COLLECTION

- A. On the first quarter of SFY 2025 and thereafter, DHCFP will collect assessment payments from Private Hospitals on a quarterly basis.
- B. No later than the end of the first week of each quarter, DHCFP shall notify each Private Hospital electronically with the assessment amount owed, the due date by which payment must be received, and the account information or address to which payment may be remitted.

1303.4 THE ASSESSMENT PAYMENT

- A. Private Hospitals must pay DHCFP the full amount of the assessment no later than 10 business days from the date of the notice or be subject to the penalties described in Section 1306.

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DIVISION OF HEALTH CARE FINANCING AND POLICY	Section: 1303
MEDICAID OPERATIONS MANUAL	Subject: THE ASSESSMENT

- B. Each Private Hospital is responsible for ensuring the appropriate contact information is on file with DHCFP for receiving the assessment notifications. Any late payments and subsequent penalties because DHCFP does not have the appropriate contact information on file shall be the sole responsibility of the Private Hospital.

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DIVISION OF HEALTH CARE FINANCING AND POLICY	Section: 1304
MEDICAID OPERATIONS MANUAL	Subject: CHANGE OF OWNERSHIP

1304 CHANGE OF OWNERSHIP

With a change in ownership for a hospital, the entity with legal ownership of a Private Hospital is responsible for all liabilities owed to DHCFP resulting from the assessment described in this chapter.

- A. The liability for an assessment can be assumed by a new legal owner or owners if DHCFP receives appropriate written documentation no later than 10 days after the legal transition in ownership has occurred. Appropriate written notice includes the names of the new owner or owners and related documentation and information regarding the disposition of liability and the date upon which the new legal owner or owners will be assuming the liability for the assessment.
- B. If DHCFP does not receive the documentation described in paragraph A of this Section regarding a change of ownership, the entity responsible for paying the quarterly assessment in full will be the legal entity that is legal owner of the hospital on the first day of the quarter in which the assessment is owed to DHCFP.

	MTL 19/24
DIVISION OF HEALTH CARE FINANCING AND POLICY	Section: 1305
MEDICAID OPERATIONS MANUAL	Subject: HOSPITAL OPERATING STATUS

1305 HOSPITAL OPERATING STATUS

1305.1 NEW HOSPITAL

If a Private Hospital commences operations in the state of Nevada on or after January 1, 2024, the Private Hospital will be subject to the assessment under this chapter, beginning on the first day of the SFY after the Private Hospital commences operations in the state.

- A. DHCFP will annualize all available revenue data to calculate the amount of the assessment owed for a newly operating Private Hospital until 12 months of complete data is available.

1305.2 CLOSED HOSPITAL

If a Private Hospital operating in the state of Nevada closes its operations, the Private Hospital must notify DHCFP within 10 business days of such closure and will remain liable for its relative proportion of the assessment amount for the period of the quarter of the SFY in which it maintained operations.

	MTL 19/24
DIVISION OF HEALTH CARE FINANCING AND POLICY	Section: 1306
MEDICAID OPERATIONS MANUAL	Subject: PENALTIES FOR NONPAYMENT

1306 PENALTIES FOR NONPAYMENT

- A. If a Private Hospital does not pay the full assessment amount by the due date provided in the notice from DHCFP, the Private Hospital will incur a financial penalty of one percent of the assessment amount, per day, up to 10 days. In addition to the penalty described in this paragraph, DHCFP may charge the Private Hospital interest of 1.5% per month, or for a fraction of a month, on any unpaid assessments and penalties.
- B. If a Private Hospital fails to remit payment within 30 days of the assessment due date, DHCFP may offer and negotiate a payment plan with the Private Hospital to collect the monies owed or deduct the assessment amount and any owed penalties from future Medicaid payments in accordance with NRS 422.3795 and all applicable federal laws.
- C. If a Private Hospital refuses to pay its calculated assessment amount and any associated penalties by the first day of the second quarter following the assessment payment due date, DHCFP may utilize disenroll the Private Hospital as a Medicaid reimbursable provider in the state of Nevada.

	MTL 19/24
DIVISION OF HEALTH CARE FINANCING AND POLICY	Section: 1307
MEDICAID OPERATIONS MANUAL	Subject: ASSESSMENT REVENUE AND USES

1307 ASSESSMENT REVENUE AND USES

Any funds or revenue collected by DHCFP from Private Hospitals as remittance for the assessment under this chapter must be:

- A. Deposited into a separate account by DHCFP in accordance with NRS 422.37945; and
- B. Used solely by DHCFP for the purposes permitted under NRS 422.37945, which include expending assessment revenue to fund:
 - 1. The state’s share of the cost of providing Private Hospitals with supplemental payments and state directed payments through Medicaid for inpatient and outpatient services;
 - 2. Expenses for any administrative costs associated with administering the assessment; and
 - 3. Additional Medicaid services and supports necessary to improve access to behavioral health care for Medicaid recipients with serious behavioral health conditions as outlined under NRS 422.37945(3)(d) & (4).

1307.1 ADMINISTRATIVE PURPOSES AND BEHAVIORAL HEALTH

DHCFP will expend no more than 15% of the assessment revenue collected each year from Private Hospitals for the purposes described in this section under 1307(B)(2) and (3).

1307.2 BUDGET ACCOUNT SOLVENCY

If, at any time, the revenue collected from the assessment does not equal the state’s share of the amount necessary to fund the statutorily permitted Medicaid payments described under Section 1307(B)(1), DHCFP may delay, adjust, or reduce Medicaid payments to Private Hospitals as necessary to ensure the solvency of the account.

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DIVISION OF HEALTH CARE FINANCING AND POLICY	Section: 1308
MEDICAID OPERATIONS MANUAL	Subject: STATE DIRECTED PAYMENTS

1308 STATE DIRECTED PAYMENTS

To be eligible to receive the state directed payments funded in part by the revenue collected from the assessment under this chapter, a Private Hospital must ensure compliance with state and federal requirements for such payments. This includes:

- A. Demonstrating adequate participation in good faith each year in a value-based collaborative with DHCFP and MCOs as further defined in subsequent guidance by DHCFP;
- B. Submitting a signed attestation form issued by DHCFP regarding the Private Hospital's agreement to comply with all applicable federal laws in accordance with the process and timeline outlined by DHCFP; and
- C. Providing all data requested by DHCFP as necessary for DHCFP to calculate federally required quality metrics and to validate claims and payments in accordance with the timeframe and manner described in subsequent guidance by DHCFP.

Failure of a Private Hospital to comply with paragraph C of this Section could result in DHCFP delaying or recouping state directed payments or other Medicaid payments as necessary to avoid federal penalties or sanctions for the state.

	MTL 19/24
DIVISION OF HEALTH CARE FINANCING AND POLICY	Section: 1309
MEDICAID OPERATIONS MANUAL	Subject: FEDERAL COMPLIANCE

1309

FEDERAL COMPLIANCE

The assessment under this chapter must comply with all applicable federal laws, regulations, and guidance. If at any point DHCFP believes that the continued operation of the assessment could risk deferral, disallowance, or other sanctions from the federal government for the state and Medicaid, DHCFP may immediately cease operations of the assessment and all associated Medicaid payments in accordance with state and federal law. If a federal disallowance occurs because one or more Private Hospitals are determined to be noncompliant with federal law, DHCFP may impose a financial penalty or recoup on all or a portion of the monies paid to a noncompliant Private Hospital as necessary to reduce or avoid financial risk to the state General Fund or Medicaid budget for such noncompliance.