

TRANSMITTAL SHEET FOR  
NOTICE OF INTENDED ACTION

Control No: 560 Department or Agency: Alabama Medicaid Agency

Rule No: 560-X-23-.03

Rule Title: Inpatient Medicaid Base Payment  
         New Rule; X Amend;          Repeal;          Adoption by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety?         NO        

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare?         Yes        

Is there another, less restrictive method of regulation available that could adequately protect the public?         No        

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree?         No        

Is the increase in cost, if any, more harmful to the public than the harm that might result from the absence of the proposed rule?         No        

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public?         Yes        

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Does the proposed rule have any economic impact?         No        

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

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Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975 and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer: Stephanie Hea

Date: 9-29-11

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PUBLISHED IN VOLUME \_\_\_\_\_ ISSUE NO. \_\_\_\_\_

EDITED AND APPROVED BY \_\_\_\_\_ DOCUMENT NO. \_\_\_\_\_

**ALABAMA MEDICAID AGENCY**

**NOTICE OF INTENDED ACTION**

**RULE NO. & TITLE:** 560-X-23-.03 – Inpatient Medicaid Base Payment

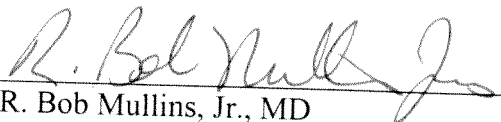
**INTENDED ACTION:** Amend 560-X-23-.03

**SUBSTANCE OF PROPOSED ACTION:** The above-referenced rule is being amended to clarify payment methodology as defined in the State Plan Attachments 4.19-B and 3.1-A. The payment methodology for outpatient hospital will change from an encounter payment methodology to a fee for service payment methodology.

**TIME, PLACE, MANNER OF PRESENTING VIEWS:** Written or oral comments may be submitted to the Alabama Medicaid Agency, 501 Dexter Avenue, Post Office Box 5624, Montgomery, Alabama 36103-5624, 334-242-5833. Agency business hours are 8:00 a.m. to 5:00 p.m. Monday through Friday.

**FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:**  
Written/Oral comments concerning this change must be received by the Alabama Medicaid Agency no later than December 5, 2011.

**CONTACT PERSON AT AGENCY:** Stephanie McGee Azar,  
Administrative Secretary, Alabama Medicaid Agency, 501 Dexter Avenue,  
Post Office Box 5624, Montgomery, Alabama 36103-5624.



R. Bob Mullins, Jr., MD  
Commissioner

Rule No. 560-X-23-.03ER Inpatient Medicaid Base Payment

(1) For the period October 1, 2009~~11~~, through September 30, 2013, each hospital shall receive an inpatient Medicaid base (per diem) payment, in accordance with the following:

(a) Medicaid shall pay each hospital as a base (per diem) amount for state fiscal years 2010~~2~~ and 2013 the total inpatient payments made by Medicaid to each hospital from all sources except DSH payments during state fiscal year 2007, divided by the total paid inpatient hospital days incurred by that hospital in state fiscal year 2007, multiplied by the inpatient hospital days incurred by each hospital during fiscal years 2010~~2~~ and 2013.

(b) Base (per diem) payments for state fiscal years 2010~~2~~ and 2013 will not be made to any non state government owned or operated hospital, state owned or operated or privately owned or operated hospital that was in operation during the hospital's fiscal year ending in 2007~~9~~ that ceases to operate as a hospital, beginning on the date that the facility ceases to operate as a hospital.

(c) Base (per diem) payments and other inpatient access payments will be interim payments for hospitals that qualify for and file Certified Public Expenditures.

(d) Base (per diem) payments will be reviewed on a quarterly basis to ensure that hospitals are not paid more than the sixteen day reimbursement limit, per beneficiary, except for children under the age of one, or under the age of six who are receiving medically necessary inpatient services in a hospital which has been designated by Medicaid as a disproportionate share hospital, or who have been referred for treatment as the result of an EPSDT screening. Adjustments will be made to hospitals' interim payments to reflect the results of the reconciliation. Hospitals which are privately owned or operated will be reimbursed on the basis of a maximum sixteen day annual beneficiary limit, subject to a maximum reimbursement equivalent to the current per diem amount multiplied times the covered days (limited to the 16 day annual beneficiary limit).

**Author:** Keith Boswell, Director, Provider Audit/Reimbursement.

**Statutory Authority:** State Plan, Title XIX, Social Security Act, 42 C.F.R. Section 401, et seq.

**History:** Effective June 9, 1986. **Amended:** November 10, 1986; August 10, 1987; May 25, 1988, July 12, 1988; May 12, 1989. **Amended:** Emergency Rule effective June 20, 1989. **Amended:** September 13, 1989. **Amended:** Emergency Rule filed and effective September 2, 2010. **Amended:** Filed September 20, 2010; effective December 17, 2010. **Amended:** Emergency Rule filed and effective October 1, 2011. **Amended:** Filed October 20, 2011; effective January 16, 2012.