

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INPATIENT HOSPITAL SERVICES**

III. PAYMENT METHODOLOGY FOR FREESTANDING REHABILITATION AND FREESTANDING PSYCHIATRIC HOSPITALS *(continued)*

C. Updates

1. The level of care operating and fixed capital per diem rates in effect on December 31, 2006, for psychiatric hospitals will be updated by a factor of 9.76% and 22.9% for rehabilitation hospitals. The rates in effect on December 31, 2007 will be updated by a factor of 3.2%.
2. Effective 05-01-09, Valir Rehab Hospital will be paid at a fixed rate per-diem based on its reported cost per day reported on the 12-31-07 cost report brought forward to the base rate period of Calendar year 2009 by the latest available Global Insight published "2002 Based CMS Hospital Prospective Reimbursement Market Basket" forecasts.
3. The rates will be reviewed annually and any annual updates will not exceed the marketbasket increase in rehabilitation, psychiatric, and long term care facilities (RPL) marketbasket index for the current rate year.
4. Effective 04-01-10, the rate in effect as of 03-31-10 will be decreased by 3.25%.
5. Effective 07-01-14, the rate in effect as of 06-30-14 will be decreased by 7.75%.
6. Effective for services provided on or after 01-01-16, the rate in effect as of 12-31-15 will be decreased by 3% for freestanding rehabilitation hospitals only.
7. Effective for services provided on or after 05-01-16, the rate in effect as of 04-30-16 will be decreased by 3% for freestanding psychiatric hospitals only.
8. Effective for services provided on or after 07-01-18, the rate in effect as of 06-30-18 will be increased by 3% for freestanding psychiatric hospitals only.
9. Effective for services provided on or after 10-01-18, the rate in effect as of 09-30-18 will be increased by 3% for freestanding rehabilitation hospitals only.
10. Effective for services provided on or after 10-01-19, the rate in effect as of 09-30-19 will be increased by 5% for freestanding rehabilitation hospitals only.
11. Effective for services provided on or after 10-01-23, the rate in effect as of 07-01-18 will be increased by 11.392% for freestanding psychiatric hospitals only.

IV. PAYMENT METHODOLOGY FOR LONG TERM CARE HOSPITALS SERVING CHILDREN (LTCHs-C)

Effective for services provided on or after July 1, 2012, payment will be made to freestanding long term care hospitals serving children for sub-acute care level of services.

A. Definitions

1. Ancillary Services. Refers to those services that are not considered inpatient routine services. Ancillary services include laboratory, radiology, and prescription drugs. Ancillary services may also include other special items and services for which charges are customarily made in addition to a routine VI service charge.
2. Average Length of Stay. To be determined a long term care hospital, the hospital must have a Medicaid average length of stay of greater than 25 days.
3. Children. For the purpose of this reimbursement rate, children are defined as individuals under the age of 21.
4. Routine Services. Services include but are not limited to: regular room, dietary and nursing services, minor medical and surgical supplies, over-the-counter medications, transportation, and the use and maintenance of equipment and facilities essential to the provision of routine care. Routine services should be patient specific and in accordance with standard medical care.

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16. Inpatient Psychiatric Services for Individuals under Age 21 (42 CFR 440.160)

The Medicaid Agency may pay the customary charges of the provider but must not pay more than the prevailing charges in the locality for comparable services under comparable circumstances in accordance with 42 CFR 447.325.

16.a. Inpatient Psychiatric Services for Individuals under Age 21

(A) General

Except as otherwise noted in the plan, all Medicaid services furnished to individuals receiving acute level 2 services in private psychiatric hospitals and general hospitals with a psychiatric unit are considered all-inclusive of the service, i.e., all medical services provided to residents of psychiatric hospital and general hospitals with psychiatric units with 17 beds or more should be billed to the psychiatric hospital and general hospitals with psychiatric units.

(B) Payment to State-owned Government Providers

State-owned psychiatric hospitals will be paid an interim rate based on the previous year's cost report (HCFA 2552) data and settled to total allowable costs based on the current year's cost report. Total allowable cost will be determined in accordance with Medicare principles of reimbursement.

(C) Payment to State-licensed, Private Psychiatric Hospitals and General Hospitals with Psychiatric Units

i. Base Rate

A prospective per diem payment is made for covered services based on facility peer group. State licensure requires RN staffing 24 hours per day for hospitals at a ratio of one RN for up to 15 patients. An additional RN must be added for more than 15 patients; however, an LPN may be substituted for 16-20 patients. A second RN is needed for 21 patients and above.

~~The rates listed below are effective as of 05-01-2016 and are equivalent to a 15 percent rate reduction from the rates in effect on 04-30-2016 for private psychiatric hospitals and general hospitals with psychiatric units.~~

Peer Group	Psychiatric Hospital	Hospital Psychiatric Unit
Standard	\$293.29 \$362.30	\$293.29 \$362.30
Specialty 1 – Sexual Offender	\$293.29	\$293.29
Specialty 2 – Eating Disorder, TBI	\$367.42	\$367.42

ii. The following services will not be reimbursed outside of the per diem:

- Dental (excluding orthodontia);
- Vision;
- Prescription Drugs;
- Practitioner Services; and
- Other medically necessary services not otherwise specified.