

MEDICAID FISCAL ACCOUNTABILITY PROPOSED RULE FACT SHEET

TOPIC	KEY PROPOSED CHANGES
 <p>Medicaid Fee for Service (FFS) Provider Payments & Supplemental Payments</p>	<p>CMS is seeking to gather additional data, per the recommendations of reports from GAO, to ensure that FFS and other payments are economical and efficient. Key proposed changes include:</p> <ul style="list-style-type: none"> • Allowing CMS to phase out existing and new supplemental payment methodologies after three years. • Requiring states to request CMS approval to continue a supplemental payment that falls outside of the three-year threshold, as well as the submission of an evaluation plan to demonstrate the policy goals and objectives of the supplemental payments.
 <p>Disproportionate Share Hospital Payments (DSH)</p>	<p>CMS is seeking to strengthen its oversight and transparency of Disproportionate Share Hospital (DSH) payments made to hospitals that serve a disproportionate number of low-income patients with special needs. Key proposed changes include:</p> <ul style="list-style-type: none"> • Quantifying individual audit findings for each plan rate year and clarifying reporting requirements. • Clarifying the overpayment discovery and redistribution processes for DSH payments. • Modernizing the DSH allotment process by making all information publicly available.
 <p>Medicaid Program Financing</p>	<p>CMS is seeking to promote transparency via Medicaid program financing regulations that require more detailed reporting, prevent the illicit use of finances and establish new regulatory definitions for Medicaid base and supplemental payments. Key proposed changes include:</p> <ul style="list-style-type: none"> • Requiring provider-level reporting. • Preventing the reuse of Medicaid payments as the source of state financing. • Clarifying that facilities that enter into questionable ownership transactions cannot qualify for additional Medicaid payments on the basis of ownership transfer. • Limiting intergovernmental transfers (IGTs) to only be funded from state and local tax revenue sources.
 <p>Health Care Related Taxes and Provider-Related Donations</p>	<p>CMS is seeking to prevent financial arrangements that mask impermissible donations hidden by existing financial structures. Key proposed changes include:</p> <ul style="list-style-type: none"> • Prohibiting the masking of healthcare related taxes among non-healthcare related taxes to circumvent state tax requirements. • Ensuring that the state share of Medicaid expenditures is funded. • Allowing health care insurers to be considered a permissible tax class, while also strengthening tax waiver oversight. • Prohibiting taxes that unduly impact Medicaid services.
 <p>Supplemental Payment Programs Financed by Certified Public Expenditures (CPE)</p>	<p>CMS is requiring more rigor on the administration requirements on CPE programs. Key proposed changes include:</p> <ul style="list-style-type: none"> • Prohibiting state Medicaid agencies from retaining a percentage of federal or state funds proportionally related to the amount a provider receives in supplemental payments. • Requiring more formal policies, procedures, and protocols on the review of CPE claims before payments are processed. • Requiring the establishment of cost-based interim rates in order to minimize CPE claims.