



State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Utah Department of Health

W. David Patton, Ph.D.
Executive Director

Division of Medicaid and Health Financing

Michael Hales
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Director, Division of Medicaid and Health Financing

June 30, 2015

Members of the Social Services Appropriations Subcommittee
State Capitol
Salt Lake City, Utah 84114

Dear Subcommittee Member:

The Centers for Medicare and Medicaid Services (CMS) requires the Department of Health to update its State Plan and existing waivers for Medicaid when the State makes changes to the program. In accordance with these changes and reporting requirements of Subsection 26-18-3(3) (a), the following is a summary of recent changes:

Waivers

New HCBS Waiver Submission

As per HB199 from the 2015 General Legislative Session, the Department submitted a request for a new HCBS Waiver, the Medically Complex Children's Waiver.

This waiver is intended to serve approximately 165 children with disabilities and complex medical conditions on an annual basis. The waiver will provide respite care and access to other medically necessary services.

Home and Community Based Services (HCBS) Waiver Renewal

The Department submitted a renewal of the Medicaid Autism Waiver. The current waiver will expire on September 30, 2015. Following is a summary of waiver changes submitted as part of the renewal:

- a. *Removed ABA services from the waiver.* This change was made based on CMS guidance requiring states to provide autism spectrum disorder related services as a component of the Early Periodic Screening, Diagnosis and Treatment program for Medicaid clients under age 21 and not as an HCBS waiver service. The Department completed a new section of the application that describes the State's determination



that this waiver is compliant with the federal rules that went into effect in March 2014. The federal rule requires states to assure that all service settings have qualities that are homelike and that do not have institutional characteristics.

- b. Included a phase-out plan for the waiver as remaining waiver participants age out of the program.*
- c. Revised some performance measures to ensure quality and further safeguard waiver participants.*

HCBS Waiver Amendments

Based on legislative appropriations to increase direct service workers' wages, the Department submitted amendments to the current Physical Disabilities, Community Supports and Acquired Brain Injury waivers to increase provider reimbursement rates accordingly.

1915(b) Choice of Health Care Delivery & Hemophilia Disease Management Program Amendment

The Department submitted a request to amend the Choice of Health Care Delivery & Hemophilia Disease Management Program Waiver to require Medicaid recipients living in Cache, Box Elder, Rich, Morgan, Tooele, Summit, Wasatch, Iron and Washington counties to enroll in an ACO (accountable care organization) for delivery of their physical health services.

1115 Primary Care Network Demonstration Waiver Extension

The Department submitted a request from Governor Gary R Herbert to Secretary Sylvia Burwell, U.S. Department of Health and Human Services to extend Utah's 1115 Primary Care Network Demonstration Waiver until December 31, 2016. There are currently 14,000 Utahns enrolled in PCN for access to preventive and emergency health care. PCN provides a critical safety net while the State continues to address the important issue of how to cover the uninsured.

State Plan Amendments

Targeted Case Management (TCM) for Individuals with Serious Mental Illness

The Department transmitted a State Plan Amendment to include individuals employed by or under contract with the Utah Department of Human Services as qualified providers of targeted case management (TCM) services for individuals with serious mental illness.

The Department anticipates this update to be budget neutral. This amendment does not affect annual appropriations and there is no cost shift to more expensive services for Medicaid recipients and their families.

Reimbursement for Physician and Anesthesia Services

The Department transmitted a State Plan Amendment to update the effective date of rates for physician and anesthesia services to July 1, 2015 based on an additional appropriation during the 2015 General Session. This amendment is based on the existing State Plan requirement to annually rebase physician code pricing and an increase in legislative appropriations for these services.

This amendment is based on an increase in legislative appropriations for these services. The Department anticipates total expenditures to be about \$4,032,100 with an estimated cost of \$1,196,700 to the General Fund. The increase in reimbursement rates will result in better access to services for Medicaid recipients and their families.

Reimbursement for Dental Services and Dentures

The Department transmitted a State Plan Amendment to update the effective date of rates for dental services to July 1, 2015, and to remove reimbursement methodology that no longer applies to children and pregnant women.

This amendment is based on an increase in legislative appropriations for these services. The Department anticipates total expenditures to be about \$2,564,500 with an estimated cost of \$761,100 to the General Fund. The increase in reimbursement rates will result in better access to services for Medicaid recipients and their families.

Inpatient Hospital Services

The Department transmitted a State Plan Amendment to remove duplicative details for Utah specific Diagnosis Related Groups, prior authorization requirements that already exist in the Hospital Services Provider Manual, and to remove provisions of the Superior System Waiver based on consultation with CMS.

The Department anticipates this update to be budget neutral. This amendment does not affect annual appropriations and there is no cost shift to more expensive services for Medicaid recipients and their families.

Outpatient Hospital Supplemental Payments

The Department transmitted a State Plan Amendment to update the utilization trend used for the outpatient hospital upper payment limit in State Fiscal Year 2016.

The Department anticipates this update to be budget neutral because it will not result in changes in federal financial participation. This amendment does not affect annual appropriations and there is no cost shift to more expensive services for Medicaid recipients and their families.

International Classification of Diseases (ICD)-10-CM Code Updates

The Department transmitted a State Plan Amendment to implement ICD-10-CM codes in the Utah Medicaid State Plan that become effective October 1, 2015. This amendment is in accordance with requirements set forth in the Health Insurance Portability and Accountability Act (HIPAA) and under the direction of the United States Congress.

The Department anticipates this update to be budget neutral. This amendment does not affect annual appropriations and there is no cost shift to more expensive services for Medicaid recipients and their families.

Please let me know if you have any questions.

Sincerely,



Michael Hales
Deputy Director, Department of Health
Director, Medicaid and Health Financing