

**IV - Clinic Upper Payment Limit (UPL) Guidance**

**I. Services are subject to the clinic UPL as described below:**

- Covered and paid under the clinic benefit in the state plan, and
- Provided by freestanding clinics (i.e. excludes: provider-based entities, Federally Qualified Health Clinics, FQHC look-alikes or rural health clinics)
- Other (please describe below)

This demonstration description applies to:

- All Medicaid freestanding clinics
- The Medicaid freestanding clinic type(s) described below:

State clinic service payment methodology for the services:

Does the state pay a Medicaid rate for all services provided by the clinic?

- Yes
- No

Does the state pay clinics a fee schedule amount per CPT billing code using a percentage of the Medicare fee that is currently in effect?

- Yes
- No

If yes, state the percentage: \_\_\_\_\_

Does the state pay clinics using an encounter rate?

- Yes
- No

If yes, does the state track by CPT or other billing code the individual services that Medicaid beneficiaries actually receive?

Yes

No

If no, please explain.

Demonstration comprehensiveness:

Are all of the Medicaid clinic services provided by the providers listed above accounted for in the demonstration?

Yes

No

If no, please explain.

**II. The basis of the UPL formula is:**

State payment rate schedule to Medicare RBRVS Comparison Demonstration (Medicare non-facility fee schedule per CPT)

Medicaid Cost Demonstration

Other (please describe below):

What is the time period of the data, including the beginning and ending dates?

Base year data: \_\_\_\_\_

Rate year data: \_\_\_\_\_

Is the data the most recently available to the state?

- Yes
- No

**III. Medicare payment comparison is verified as described below:**

The source of the UPL Medicare equivalent data is:

- Medicare Fee Schedule

Is the Medicare fee schedule for the same time period as the Medicaid payment data?

- Yes
- No

What is the date of the Medicare fee schedule that is used in the demonstration?: \_\_\_\_\_

- Other Data Source (please describe below):

Identification of Medicare Equivalent Codes:

Are all Medicaid services linked to a Medicare-equivalent CPT code?

- Yes
- No

If no, please explain and provide a crosswalk between CPT and local codes.

If the services are not directly comparable to a Medicare payment for a particular billing code, can the state demonstrate a reasonably equivalent Medicare code to compare to the Medicaid payment?

- Yes

No

If yes, please explain the Medicare codes, or equivalent codes, used in the demonstration and the equivalent Medicaid payment.

Does the state apply Medicaid volume of service rendered within the demonstration period to each CPT code?

Yes

No

Is the volume determined based on an analysis of claims data from the MMIS?

Yes

No

Please describe the analysis:

**IV. Medicare cost comparison is verified as described below:**

The source of the UPL Medicare equivalent data is:

State Developed Cost Report using Medicare Cost Identification Principles

Modified Medicare Federally Qualified Health Center (FQHC) Cost Report Template (CMS 222)

State developed cost report:

Does the cost report recognize allowable and non-allowable costs in accordance with Medicare Reimbursement Principles (PRM-15-1) and OMB Circular A-87?

Yes

No

Has the Centers for Medicare and Medicaid Services (CMS) reviewed the cost report?

Yes

No

Do providers submit the cost reports to the State Medicaid agency annually?

Yes

No

If no, please describe the submission period: \_\_\_\_\_

Is the cost report audited by the state agency or through an independent audit?

Yes

No

If yes, what is the frequency of the audit?

\_\_\_\_\_

Direct Cost Finding Methodology

Does the cost report identify costs directly for Medicaid allowable service cost using an allocation methodology?

Yes

No

Please describe the cost identification and allocation process (including the recognized direct costs, treatment of indirect cost, all allocation methods used to determine the costs related to Medicaid services). You may also satisfy this information request by attaching your cost report and cost report instruction.

Charge Ratio Methodology

Does the cost report capture all payer cost-to-charge ratios?

- Yes
- No

Does the state apply the Medicaid clinic charges to the cost-to-charge ratios from the same time period as the cost report data?

- Yes
- No

Are the Medicaid charges reported to the MMIS?

- Yes
- No

Please specify the time period of the data used in the state's cost report.

\_\_\_\_\_

Medicare FQHC Cost Report:

Does the provider submit FQHC-based cost reports annually to the state?

- Yes
- No

If no, what is the reporting period?

\_\_\_\_\_

Has the Centers for Medicare and Medicaid Services (CMS) reviewed the cost report?

- Yes
- No

Does the state capture the same types of allowable costs as reported on the Medicare FQHC cost report?

Yes

No

If no, has the state documented and explained the cost category discrepancies?

Please explain all discrepancies and modifications to the FQHC template.

Please specify the time period of the data used in the FQHC cost report.

\_\_\_\_\_

**V. The state UPL data demonstration is structured as follows:**

The state conducted the UPL demonstration separately for government owned or operated, non-state government owned or operated and privately owned or operated clinics.

Yes

No

All Medicaid base and supplemental payments are included in the demonstration and are separately identified.

Yes

No

The demonstration includes all clinic facilities that receive payments under Medicaid.

Yes

No

The demonstration only includes in-state clinics.

Yes

No

If the state includes out-of-state clinics in the UPL calculation, please verify that the data on cost/payments was obtained from the cost report of the out-of-state clinics and that the clinics are included in the “private” provider category?

Yes

No

**VI. Source of the Medicaid Payment Data**

Medicaid base payment data is reported from the MMIS.

Yes

No

If the source of the payment data is a different source, please explain:

Are the dates of service for the Medicaid payment data consistent with the Medicaid charge data and/or the hospital cost reporting period?

Yes

No

If no, please explain:

Medicaid payment data includes ALL base and supplemental payments to clinic providers. Base and supplemental payments must be separately identified. Note: any reimbursement paid outside of the MMIS should be included.

- Yes
- No

Please explain payments that are made outside of the MMIS.

Medicaid payment data excludes crossover claims.

- Yes
- No

Is the Medicaid payment reported gross or net of primary care payments, deductibles and co-pays?

- Gross
- Net

Describe how Medicaid payment rate changes between the base period and the UPL period are accounted for in the demonstration?

Does the dollar amount of payments for the UPL base period equal the “claimed” amounts on the CMS-64, Medicaid Expenditures report for the UPL time period?

- Yes
- No

If no, please provide a reconciliation and explanation of the difference?

**VII. The state trends and adjusts the UPL Data, as below:**

Does the state trend the UPL for inflation?

- Yes
- No

Explain the trending factor and its source.

Is the inflation trend applied from “mid-point to the mid-point” in order to most accurately project future experience?

- Yes
- No

Does the state trend the UPL for volume/utilization?

- Yes
- No

Explain the volume/utilization adjustment, including: how it will assure the UPL does not over or understate the volume of Medicaid inpatient clinic services provided in the rate year, how it is applied and that it is applied consistently to the Medicare equivalent and Medicaid

Please explain all additional trends or factors that are used in the demonstration and their application:

Does the state apply a claims completion factor to the payment data?

Yes

No

Please explain the claims completion factor and its application:

Does the state apply a claims completion factor to the charge data?

Yes

No

Please explain the claims completion factor and its application:

Is the claims completion factor equally applied to the payment and charge data?

Yes

No

**VIII. The state meets clinic UPL demonstration requirements, as below:**

The state has submitted supporting spreadsheet data to CMS, by provider, that demonstrates:

The state under the UPL in the aggregate for state-owned clinics.

Yes

No

The state under the UPL in the aggregate for non-state-owned clinics.

Yes

No

The state under the UPL in the aggregate for private clinics.

Yes

No