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**Inpatient and Outpatient Hospital Medicaid State Plan Amendments
effective October 1, 2021**

On or before December 31, 2021, the Montana Department of Public Health and Human Services (DPHHS) is submitting Inpatient and Outpatient Hospital Medicaid State Plan Amendments (SPAs) effective October 1, 2021.

Hospital Rate Reductions

The DPHHS state fiscal year 2022 budget includes a reduction of \$2,539,275 in available funding for Medicaid hospital services. To achieve the expected cost reduction, DPHHS proposes reducing inpatient and outpatient hospital rates effective October 1, 2021 by 1.33% for nine months. At the same time, hospital rates are updated in October to align with the effective dates of the 3M APR-DRG grouper.

Inpatient Hospital Rate Reduction

DPHHS proposes to adopt Version 38 of the 3M APR-DRG grouper effective October 1, 2021. This grouper update includes changes to DRG relative weights, average length of stays, and adds or deletes some DRGs. DPHHS proposes to increase the adult age adjustor to 1.00, increase the mental health age adjustor to 1.65, increase the neonate policy adjustor to 1.50 and add a new obstetric policy adjustor of 1.30. These adjustments are necessary to offset changes to relative DRG weights. In addition, to achieve the above mentioned hospital rate reductions the department proposes to decrease base rates to the following:

General Hospitals: \$5,365
Centers of Excellence: \$7,995
Long Term Acute Care Hospitals: \$7,250

These changes to APR-DRG are projected to provide for an overall inpatient hospital reimbursement reduction of \$1,461,773 during SFY 2022.

Outpatient Hospital Rate Reduction

To achieve the expected cost reductions DPHHS proposes to decrease the conversion factor utilized when pricing services under the Outpatient Prospective Payment System reimbursement methodology. The conversion factor is proposed to change from \$56.64 to \$55.89, effective October 1, 2021. This proposed 1.33%, nine months reduction, to hospital outpatient reimbursement is projected to achieve the reimbursement reduction of \$1,150,928. The outpatient hospital rate reduction will impact rates for freestanding birthing centers reimbursed under the same methodology with an expected reimbursement reduction of \$353.

We invite your public comments and questions postmarked **through October 30, 2021**. You may direct comments to Mary Eve Kulawik, Medicaid State Plan Amendment and Waiver Coordinator, at (406) 444-2584 or mkulawik@mt.gov; or Director's Office, PO Box 4210, Helena MT 59604-4210.