



State of Vermont  
Agency of Human Services  
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# Global Commitment Register

October 13, 2016

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GCR 16-089  
FINAL

## **Inpatient Prospective Payment System**

### **Policy Summary:**

The Department of Vermont Health Access (DVHA) is filing Vermont Medicaid State Plan Amendment (SPA) #16-0023 to update the Inpatient Prospective Payment System (IPPS). There are three changes being made to IPPS: 1) The Neonate Add-on Payment is being eliminated. Neonate is another term used for a newborn baby, and the Neonate Add-on Payment is a per diem payment that DVHA makes in addition to the DRG case rate payment for any newborn inpatient claims. This payment is being eliminated in order to comply with Act 172 of the 2016 legislative session which required that \$4 million of funding be moved from hospital payments to primary care payments; 2) The inpatient psychiatric reimbursement methodology is being updated. DRGs 56, 57, 80 and 81 are being removed from this methodology because these cases tend to be medical in nature rather than primarily psychiatric. Additionally, revenue code 124 is being added to indicate when services are provided on a psychiatric floor or unit. These changes are being made to ensure that medical and psychiatric cases are paid according to the appropriate methodology; 3) The base rates for IPPS are being updated to take into account the above changes as well as an additional reduction in order to comply with Act 172. The new base rates for In-State Hospitals are as follows: \$8,390.00 for Teaching Hospitals; \$9,273.00 for Critical Access Hospitals and Institutions for Mental Disease; and \$8,835.00 for all other Prospective Payment System Hospitals. The new base rates for Out-of-State Hospitals are as follows: \$5,594.00 for Border Teaching Hospitals; \$3,610.00 for Non-Border Teaching Hospitals; and \$2,900.00 for all other Out-of-State Hospitals. The new per diem inpatient psychiatric base rates are as follows: \$1,224.10 for the Brattleboro Retreat Children and Adolescents Program and \$1,128.05 for all other In-State Hospitals.

### **Effective Date:**

October 1, 2016

### **Authority/Legal Basis:**

These changes are being made pursuant to 42 CFR §430.12(c)(1)(ii) under the Medicaid State Plan, which can be found here: <http://dvha.vermont.gov/administration/state-plan>.

### **Population Affected:**

All Medicaid

**Fiscal Impact:**

	<b>State Fiscal Year 2017</b>	<b>State Fiscal Year 2018</b>
<b>State</b>	(\$1,365,713)	(\$1,823,950)
<b>Federal</b>	(\$1,633,218)	(\$2,174,625)
<b>Total</b>	(\$2,998,931)	(\$3,998,575)

**Public Comment Period:**

The public comment period was 9/8/16 – 9/30/16. One comment was received.

The public comment received is available here: <http://dvha.vermont.gov/global-commitment-to-health/16-089-comment-response.pdf>.

**Additional Information:**

The draft SPA provides additional details on the proposed changes; copies of the draft SPA can be requested from DVHA at (802) 355-8843, or can be found on the DVHA website: <http://dvha.vermont.gov/global-commitment-to-health/global-commitment-register-proposed-policy-changes>.