

SUMMARY

Medicaid State Plan

Draft MN-26-0028

The Minnesota Department of Human Services proposes a Medicaid State Plan amendment regarding a cost-based outpatient hospital payment rate for services delivered by Critical Access Hospitals that convert to Rural Emergency Hospitals.

Effective July 1, 2026, state law authorizes Medicaid to continue the cost-based rate for outpatient hospital services provided by a critical access hospital when that hospital converts to a Medicare Rural Emergency Hospital. The change is added to Attachment 4.19-B of the State Plan.

Approved:

Supersedes: 24-50, 22-30, 11-02

A. IHS/638 and Tribal FQHC Facilities

Tribal facilities are clinic service providers. Except for child welfare-targeted case management services and relocation service coordination services, services provided by facilities of the Indian Health Service (which include, at the option of a tribe, facilities owned or operated by a tribe or tribal organization, and funded by Title I of the Indian Self-Determination and Education Assistance Act, P.L. 93-638, as amended, or Title V of the Indian Self-Determination and Education Assistance Act., P.L. 106-260, operating as 638 facilities) are paid at the outpatient all-inclusive rates (AIR) negotiated between the Indian Health Service and the Centers for Medicare & Medicaid Services (CMS) and published in the Federal Register. Child-welfare targeted case management services are paid in accordance with the methodology in item 19.b., child welfare-targeted case management services. Relocation service coordination services are paid in accordance with the methodology in item 19.c, relocation service coordination services.

An encounter for a 638 or IHS facility means a face-to-face encounter/visit between a recipient eligible for Medical Assistance and any health professional at or through a IHS, or 638 service location for the provision of Title XIX covered services in or through an IHS or 638 facility within a 24-hour period ending at midnight. Encounters/visits with more than one health professional and multiple encounters/visits with the same professional, within the same service category, that take place in the same 24-hour period, constitute a single encounter/visit, except when the recipient after the first encounter/visit suffers an illness or injury requiring additional diagnosis or treatment. Service categories for IHS/638 facilities are: ambulance, chemical dependency, dental, home health, medical, mental health, vulnerable adult/developmental disability targeted case management (VA/DD TCM) and pharmacy.

Telehealth visits provided through real-time interactive audio and video communication may be used to satisfy the face-to-face requirement.

Tribes may elect to be designated as tribal Federally Qualified Health Centers (FQHCs). Enrolled Tribal FQHCs are reimbursed an alternate payment methodology (APM) that is equal to the outpatient all-inclusive rate (AIR) rate negotiated between the Indian Health Service and CMS for tribal facilities. The APM is at least equal to the tribal Prospective Payment System (PPS). Participating tribal FQHCs receive the APM for the same categories of FQHC service that they receive the AIR. Payment shall be made in accordance with the AIR rate methodology detailed in this supplement.

~~B. Critical Access Hospitals~~

~~Outpatient services provided by facilities defined in state law as critical access hospitals (and certified as such by the Centers for Medicare & Medicaid Services) are paid on a cost-based payment system based on the cost-finding methods and allowable costs of Medicare.~~

~~C. Third Party Liability~~

~~In accordance with Minnesota Statutes, §2568.37, subdivision 5a: No Medical Assistance payment will be made when covered charges are paid in full by a third party payer or the provider has an agreement with a third party payer to accept payment for less than charges as payment in full.~~

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Supplement 2 to ATTACHMENT 4.19-B

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Outpatient services provided by facilities defined in state law as critical access hospitals (and certified as such by the Centers for Medicare & Medicaid Services) are paid on a cost-based payment system based on the cost-finding methods and allowable costs of Medicare.

B. Critical Access Hospitals

Outpatient services provided by facilities defined in state law as critical access hospitals (and certified as such by the Centers for Medicare & Medicaid Services) and critical access hospitals that convert to rural emergency hospitals, as defined by Medicare, are paid on a cost-based payment system based on the cost-finding methods and allowable costs of Medicare.

C. Third Party Liability

In accordance with Minnesota Statutes, §2568.37, subdivision 5a: No Medical Assistance payment will be made when covered charges are paid in full by a third party payer or the provider has an agreement with a third party payer to accept payment for less than charges as payment in full.