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Title 22@ Social Security

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Division 3@ Health Care Services

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Subdivision 1@ California Medical Assistance Program

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Chapter 3@ Health Care Services

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Article 7.5@ HOSPITAL INPATIENT SERVICES REIMBURSEMENT SECTION

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Section 51547@ Methods of Payment

51547 Methods of Payment

(a)

The methods of payment for inpatient hospital services under the MIRL shall include the following: (1) An ARPD that shall be retrospectively established for each provider's tentative and final settlement fiscal period. The ARPD shall: (A) Apply to all non-contract Medi-Cal inpatient covered services provided by the provider during its settlement fiscal period. It shall be based upon the statistics included in the providers Medi-Cal cost or audit report. (B) Be updated annually to reflect reimbursable changes in factor input prices, service intensity, technology, productivity, patient volume, and other items as allowed through the AA and appeals process. (2) An interim payment rate based upon an actual or projected reimbursable cost to charge ratio. (A) The current interim payment rate shall be based on the lower of the following: 1. The latest tentative settlement fiscal period for which a final settlement has not been issued. 2. The latest final (which also includes recalculated finals) settlement fiscal period. (B) Interim payment rates calculated under (A) may use data from settlements that have been previously issued if needed to determine the lower of 1. and 2. above. (C) When newly-established providers do not have cost experience on which to base a determination of an interim rate of payment. In such cases, the Department will use the following methods to determine an appropriate rate: 1. If there is a provider or providers comparable in substantially all relevant factors to the

provider for which the rate is needed, the Department will base an interim rate of payment on the reimbursable costs and customary charges of the comparable provider. 2. If there are no substantially comparable providers from whom data are available, the Department will determine an interim rate of payment based on the budgeted or projected reimbursable costs and customary charges of the provider. 3. Under either method, the Department will review the provider's cost and charge experience and adjust the interim rate of payment in line with the provider's cost and charge experience. 4. The Department may prohibit increases in the accommodation rates, as defined in applicable parts of 42 CFR, Part 413 and HCFA Publication 15-1, charged by the provider if the Department projects that such increases would cause their interim payments to exceed the PIRL. 5. Newly established providers may appeal their interim rate if it is based upon the criteria in (a)(2)(C)1. through 4., in accordance with the AAR procedures specified in Section 51550.

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(B)

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(C)

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