

APPENDIX J: UPPER PAYMENT LIMIT

Appendix J provides a summary of the different upper payment limit based supplemental payment programs ongoing in Wyoming and details their performance over the past 5 years.

Descriptions

Upper Payment Limit (UPL): The UPL is a federal cap on fee-for-service reimbursement for various healthcare service areas including hospitals, clinics, and psychiatric facilities. It ensures Medicaid payments do not exceed a reasonable estimate based on Medicare guidelines.

UPL-Based Supplemental Payment Programs: States, including Wyoming, implement various programs to bridge the financial gap between federally allowable amounts and Medicaid claims, ensuring compliance with UPL regulations. These initiatives, summarized in the following section, prevent reimbursement shortfalls, and enhance financial support for healthcare providers.

Benefits of UPL for Hospitals: The UPL provides hospitals with financial certainty and stability by aligning Medicaid payments with reasonable estimates, effectively preventing reimbursement gaps. Supplemental payment programs play a crucial role by offering additional funding beyond standard Medicaid payments. This supplementary support not only maximizes federal matching funds, but also enhances overall financial stability for hospitals. By ensuring hospitals receive adequate and predictable funding, UPL and supplemental programs contribute to improved planning, resource allocation, and long-term sustainability within the healthcare system.

Wyoming Supplemental Payment Programs

Qualified Rate Adjustment (QRA) Program:

- Supplemental payments for non-state government-owned hospitals.
- Funded through intergovernmental transfers (IGTs) from the participating hospitals or the governmental agencies that own the hospitals.
- Payment Timing: Once per state fiscal year (SFY), typically in October.
- Methodology: Combination of payment-based (IPPS hospitals) and cost-based (CAHs, rehab hospitals, etc.) approaches.

Private Hospital Supplemental (PHS) Program:

- Supplemental payments for privately owned hospitals.
- Funded by a mandatory tax.
- Payment Timing: Quarterly, beginning in October.
- Methodology: Combination of payment-based (IPPS hospitals) and cost-based (CAHs, rehab hospitals, etc.) approaches.

Professional Services Supplemental (PSSP) Program:

- Supplemental payments for physicians and professional service providers owned by private or non-state government hospitals.
- Funded through IGTs for non-state providers and a tax for private providers.

- Payment Timing: Quarterly for private providers and yearly for non-state government-owned providers.
- Methodology: Average commercial rate approach.

Psychiatric Residential Treatment Facilities (PRTF) Supplemental Payment:

- Approved by CMS in December 2023.
- Funded through a mandatory tax.
- Payment Timing: Quarterly for private PRTF providers.
- Methodology: A prevailing charges approach.

Pending Supplemental Payment Programs:

- The Wyoming Department of Health is in the process of implementing a supplemental payment program for Ground Ambulance providers and is currently awaiting approval from CMS.

Table 1 below details Wyoming Medicaid’s UPL experience for the following programs: Qualified Rate Adjustment (QRA) Program, Private Hospital Supplemental (PHS) Program, and Professional Services Supplemental (PSSP) Program.

A few key items to note:

- The supplemental payment programs have experienced a dramatic upward trend from SFY17 to SFY22, resulting in a total of **\$130M federal dollars being contributed over the past 6 fiscal years**.
- With the implementation of the PSSP program, the **federal contribution increased 91% from an \$16.1M in SFY20 to \$30.7M in SFY21**.
- Prior to PSSP the average federal share was **\$16.4M**, after the onset of the program the average increased to **\$32.4M**.

Table 1. Wyoming UPL Supplemental Payment Programs Summary

	Wyoming Supplemental Payment Programs Summary					
	SFY17	SFY18	SFY19	SFY20	SFY21	SFY22
QRA+ PHS Inpatient Payments	\$ 6,499,704	\$ 8,906,708	\$ 10,951,682	\$ 10,206,037	\$ 9,120,051	\$ 12,229,170
QRA + PHS Outpatient Payments	\$ 23,397,903	\$ 24,891,974	\$ 24,815,667	\$ 22,020,478	\$ 25,192,703	\$ 32,608,367
PSSP Payments					\$ 13,106,192	\$ 13,459,547
Total Provider Payments	\$ 29,897,607	\$ 33,798,682	\$ 35,767,349	\$ 32,226,515	\$ 47,418,947	\$ 58,297,083
State Share Paid by Providers	\$ 14,988,178	\$ 16,943,610	\$ 17,931,860	\$ 16,153,657	\$ 16,673,902	\$ 24,174,545
Net Benefit (Federal Share)	\$ 14,909,429	\$ 16,855,072	\$ 17,835,489	\$ 16,072,858	\$ 30,745,045	\$ 34,122,539