



STATE OF MARYLAND

DHMH

Office of Health Services
Medical Care Programs

Maryland Department of Health and Mental Hygiene

201 W. Preston Street • Baltimore, Maryland 21201

Robert L. Ehrlich, Jr., Governor - Michael S. Steele, Lt. Governor - Nelson J. Sabatini, Secretary

MARYLAND MEDICAL ASSISTANCE PROGRAM

Hospital Transmittal No. 181

March 28, 2003

TO: Hospital Administrators
Susan J. Tucker
 FROM: Susan Tucker, Executive Director
 Office of Health Services

NOTE: Please ensure that appropriate staff members in your organization are informed of the contents of this transmittal.

RE: Private freestanding psychiatric hospital annual rate increases.

The private freestanding psychiatric hospitals converted to a prospective payment methodology from a retrospective cost based system effective July 1, 2000. Rates for these hospitals must not exceed the Medicare upper payment limit and therefore annual rate increases will be based on the federal fiscal year "market basket index"(index) for hospitals excluded from the prospective payment system published in the Federal Register. An interim index is first published in May and a final index is published in August.

The Maryland Medical Assistance Program (Program) will annually adjust the hospital rates based on the interim index published in the May Federal Register with an effective start date of the first of July. The Program will update the hospital rates if necessary when the final index is published in the August Federal Register.

Normally, there is no variance between the interim and final index published in the Federal Register. If a variance does occur between the interim and final index, the adjustment for that variance will occur in the following fiscal year. If you have any questions, please contact Mr. Dick Bandelin at (410) 402-8446.