

**MEDICAID - TRADITIONAL AND MANAGED CARE
INLIER PAYMENT**

Line	Calculation Elements	Traditional Medicaid Fee For Service	Medicaid Managed Care "Default & Contract" Rates (excludes GME)
<u>INLIER PAYMENT:</u>		<i>Data Source and Formulas</i>	<i>Data Source and Formulas (Excluding PHL § 2807-c(33))</i>
	CALCULATION OF INLIER PAYMENT:		
1	Discharge Case Payment Rate (Without IME for Medicaid Managed Care)	PUB_IP_MA_FFS_Acute_Rate Code 2946_Col 2	PUB_IP_MA_HMO_Acute_Col 1
2.	Per Case Service Intensity Weight for DRG Classification	SIW APR-DRG Table (DOH*)	SIW APR-DRG Table (DOH*)
3.	Case Mix Adjusted Discharge Payment	Line 1 x Line 2	Line 1 x Line 2
4.	Direct Medical Education (DME) Add-On	PUB_IP_MA_FFS_Acute_Rate Code 2589_Col 7	N/A
5.	Capital per Discharge Rates (plus non-comparable add-ons where applicable)	PUB_IP_MA_FFS_Acute_Rate Code 2990_Col 8	PUB_IP_MA_HMO_Acute_Col 7 (plus any applicable non-comparable add-ons from Cols 8 - 10)
6.	Inlier DRG Payment	Line 3 + Line 4 + Line 5	Line 3 + Line 5
<u>ALTERNATE LEVEL OF CARE (ALC) PAYMENT:</u>			
7.	CALCULATION OF ALC PAYMENT:		
(a)	Alternate Level of Care (ALC) Price Per Day	PUB_IP_MA_FFS_Acute_Rate Code 2950, 2951_Col 10	PUB_IP_MA_HMO_Acute_Col 13
(b)	Alternate Level of Care (ALC) Days	Medical Record	Medical Record
(c)	Total ALC Payment	Line 7a x Line 7b	Line 7a x Line 7b
<u>TOTAL PAYMENT AMOUNT:</u>			
8.	Total Inlier with ALC Payment at 100%	Line 6 + Line 7c	Line 6 + Line 7c
<u>MEDICAID SURCHARGE CALCULATION:</u>			
A	Medicaid Surcharge (Indigent Care and Health Care Initiative Surcharge)	4/1/09 Forward ==> 7.04%	4/1/09 Forward ==> 7.04%
B	Medicaid Surcharge Amount	Line 8 x Line A	Line 8 x Line A
C	Payment to Hospital if Provider Signed Authorization for Medicaid Direct Payment of Surcharge to the Pool Administrator.	Line 8	Line 8
D	Payment to Hospital if Provider Did Not Sign Authorization for Medicaid Direct Payments - Hospital Pays Surcharge to the Pool Administrator.	Line 8 + Line B	Line 8 + Line B
* The SIW APR-DRG Table is available on the DOH public website at: http://www.nyhealth.gov/facilities/hospital/reimbursement/apr-drg/			

**MEDICAID - TRADITIONAL AND MANAGED CARE
TRANSFER PAYMENT**

Total Transfer Payment cannot exceed the amount that would have been paid if the patient had been discharged (Inlier)			
Line	Calculation Elements	Traditional Medicaid Fee For Service	Medicaid Managed Care "Default & Contract" Rates (excludes GME)
TRANSFER DATA:		<u>Data Source and Formulas</u>	<u>Data Source and Formulas</u> Excluding PHL § 2807-c(33)
1.	TRANSFER DAYS DETERMINATION:		
(a)	Total Number of Days in Stay (inc. ALC)	Medical Record	Medical Record
(b)	Alternate Level of Care (ALC) Days	Medical Record	Medical Record
(c)	Number of Days excluding ALC	Line 1a - 1b	Line 1a - 1b
2.	Is this Case a Transfer?	Your Hospital Data	Your Hospital Data
<i>Do not use this methodology for patients assigned to a DRG specifically designated as a DRG for transfer patient only [i.e., neonate transferred < 5 days (DRGs 580 & 581)].</i>			
CALCULATION OF TRANSFER PAYMENT:			
3.	Discharge Case Payment Rate	PUB_IP_MA_FFS_Acute_Rate Code 2946 Col 2	PUB_IP_MA_HMO_Acute_Col 1
4.	Per Case Service Intensity Weight for DRG Classification	SIW APR-DRG Table (DOH*)	SIW APR-DRG Table (DOH*)
5.	Case Mix Adjusted Discharge Payment	Line 3 x Line 4	Line 3 x Line 4
6.	Statewide Average Arithmetic Inlier LOS for DRG	SIW APR-DRG Table (DOH*)	SIW APR-DRG Table (DOH*)
7.	Average Inlier Cost Per Day	Line 5 / Line 6	Line 5 / Line 6
8.	TRANSFER ADJUSTMENT FACTOR:		
(a)	If Statewide Average Arithmetic Inlier LOS for the DRG = 1, then Transfer Adj. Factor is 100%	100%	100%
	<i>OR</i>	<i>or</i>	<i>or</i>
(b)	If Group Average Arithmetic Inlier LOS for the DRG > 1, then Transfer Adj. Factor is 120%	120%	120%
9.	Transfer DRG Cost Per Day	Line 7 x Line 8a (or 8b)	Line 7 x Line 8a (or 8b)
10.	Case Payment Capital per Diem	PUB_IP_MA_FFS_Acute_Rate Code 2991 Col 9	PUB_IP_MA_HMO_Acute_Col 11
11.	Total Transfer Cost Per Diem	Line 9 + Line 10	Line 9 + Line 10

**MEDICAID - TRADITIONAL AND MANAGED CARE
TRANSFER PAYMENT**

Line	Calculation Elements	Traditional Medicaid Fee For Service	Medicaid Managed Care "Default & Contract" Rates (excludes GME)
TRANSFER PAYMENT:		<u>Data Source and Formulas</u>	<u>Data Source and Formulas</u>
12.	Transfer Payment Amount excluding DME	Line 11 x Line 1c	Line 11 x Line 1c
13.	Direct Medical Education (DME) Add-On	PUB_IP_MA_FFS_Acute_Rate Code 2589_Col 7	N/A
14.	Transfer Payment Amount Before ALC	Line 12 + Line 13	Line 12
15.	Discharge DRG Test:		
(a)	Inlier DRG Before ALC	Inlier Tab, Line 6	Inlier Tab, Line 6
16.	Total Transfer Payment Before ALC	Lesser of Line 14 or Line 15a	Lesser of Line 14 or Line 15a
17.	Total ALC Payment	Inlier Tab, Line 7c	Inlier Tab, Line 7c
18.	Total Transfer with ALC Payment at 100%	Line 16 + Line 17	Line 16 + Line 17
MEDICAID SURCHARGE CALCULATION:		<u>Data Source and Formulas</u>	<u>Data Source and Formulas</u>
A	Medicaid Surcharge (Indigent Care and Health Care Initiative Surcharge)	4/1/09 Forward ==> 7.04%	4/1/09 Forward ==> 7.04%
B	Medicaid Surcharge Amount	Line 18 x Line A	Line 18 x Line A
C	Payment to Hospital if Provider Signed Authorization for Medicaid Direct Payment of Surcharge to the Pool Administrator.	Line 18	Line 18
D	Payment to Hospital if Provider Did Not Sign Authorization for Medicaid Direct Payments - Hospital Pays Surcharge to Pool Administrator.	Line 18 + Line B	Line 18 + Line B
* The SIW APR-DRG Table is available on the DOH public website at: http://www.nyhealth.gov/facilities/hospital/reimbursement/apr-drg/			

**MEDICAID - TRADITIONAL AND MANAGED CARE
HIGH COST OUTLIER PAYMENT**

HIGH COST OUTLIER PAYMENT IS IN ADDITION TO INLIER PAYMENT CALCULATED ON THE INLIER WORKSHEET TAB.			
Line	Calculation Elements	Traditional Medicaid Fee For Service	Medicaid Managed Care "Default & Contract" Rate (excludes GME) <small>[See Stop Loss Insurance footnote]</small>
HIGH COST OUTLIER PAYMENT:		<u>Data Source and Formulas</u>	<u>Data Source and Formulas</u> (Excluding PHL § 2807-c(33))
1.	Total Inpatient Gross Charges Per Patient UB-92, HCFA 1450	Charge Master	Charge Master
2.	Adjustment to Total Inpatient Gross Charges:		
	a. Telephone and Telegraph	Charge Master	Charge Master
	b. Television and Radio	Charge Master	Charge Master
	c. Private Room Differential	Charge Master	Charge Master
	d. Other Non-Covered	Charge Master	Charge Master
	e. Gross Charges for all ALC Days	Charge Master	Charge Master
	f. Total Adjustments	Sum of Lines 2a thru 2e	Sum of Lines 2a thru 2e
3.	Net Inpatient Gross Charges	Line 1 - Line 2f	Line 1 - Line 2f
4.	High Cost Charge Converter	PUB_IP_MA_FFS_Acute_Rate Code 2946_Col 5	PUB_IP_MA_HMO_Acute_Col 4
5.	Net Inpatient Gross Charges Converted to Costs	Line 3 x Line 4	Line 3 x Line 4
6.	<i>Threshold Calculation:</i>		
	a. APR-DRG Cost Outlier Threshold	Outlier Threshold Table (DOH*)	Outlier Threshold Table (DOH*)
	b. Institution-Specific Adjustment Factor (ISAF/WEF)	PUB_IP_MA_FFS_Acute_Rate Code 2946_Col 4	PUB_IP_MA_HMO_Acute_Col 3
	c. Adjusted Cost Outlier Threshold	Line 6a x Line 6b	Line 6a x Line 6b
7.	<i>High Cost Payment Test:</i>		
	a. Do costs exceed the threshold?	Is Line 5 > 6c?	Is Line 5 > 6c?
	b. Does the case involve a Transfer?	Determination per Your Hospital Data	Determination per Your Hospital Data
CONTINUE WITH CALCULATION IF LINE 7a= "Yes" AND THE CASE IS NOT A TRANSFER.			
[High Cost Outlier does not apply to Transfer Cases (other than patients assigned to transfer DRGs) per 86-1.21.]			
HIGH COST OUTLIER PAYMENT:		<u>Data Source and Formulas</u>	<u>Data Source and Formulas</u>
8.	High Cost Outlier Payment before Inlier and ALC (100% of costs above adjusted threshold)	Line 5 - Line 6c	Line 5 - Line 6c
9.	Total Inlier with ALC Payment at 100%	Inlier Worksheet Tab, Line 8	Inlier Worksheet Tab, Line 8
10.	Total Payment to Provider at 100%	Line 8 + Line 9	Line 8 + Line 9

**MEDICAID - TRADITIONAL AND MANAGED CARE
HIGH COST OUTLIER PAYMENT**

Line	Calculation Elements	Traditional Medicaid Fee For Service	Medicaid Managed Care "Default & Contract" Rate (excludes GME) <small>[See Stop Loss Insurance footnote]</small>
<u>MEDICAID SURCHARGE CALCULATION:</u>		<i>Data Source and Formulas</i>	<i>Data Source and Formulas</i>
A	Medicaid Surcharge (Indigent Care and Health Care Initiative Surcharge)	4/1/09 Forward ==> 7.04%	4/1/09 Forward ==> 7.04%
B	Medicaid Surcharge Amount	Line 10 x Line A	Line 10 x Line A
C	Payment to Hospital if Provider Signed Authorization for Medicaid Direct Payment of Surcharge to the Pool Administrator.	Line 10	Line 10
D	Payment to Hospital if Provider Did Not Sign Authorization for Medicaid Direct Payments - Hospital Pays Surcharge to Pool Administrator.	Line 10 + Line B	Line 10 + Line B
<p>Note: Policy/interpretation of Section 3.11 of the Medicaid Managed Care model contract: Medicaid Managed Care columns should be used for calculating Stop Loss reimbursement to Managed Care Organizations for high cost outlier payments.</p>			
<p>* The SIW APR-DRG Table is available on the DOH public website at: http://www.nyhealth.gov/facilities/hospital/reimbursement/apr-drg/</p>			

Payment of Sterilization During Delivery for Fidelis Enrollees

(PUB_IP_MA_HMO_Acute_Col 12)

Effective for dates of service beginning December 1, 2009, hospitals providing newborn delivery services combined with a sterilization procedure for enrollees of the New York State Catholic Health Plan, a.k.a. Fidelis Care New York, **may bill Medicaid fee-for-service for the sterilization, only**. The plan will continue to be responsible for payment of the newborn delivery.

The following billing instructions are valid for delivery and sterilization services provided to Medicaid managed care and Family Health Plus (FHPlus) enrollees of Fidelis. The billing hospital must participate in Fidelis' provider network or be otherwise approved by the health plan to provide delivery services to the enrollee.

Claims for the sterilization component of a combined delivery/sterilization inpatient stay may be submitted beginning April 22, 2010 and must include:

- Rate code 2290 Sterilization During Delivery
- APR-DRG 541
- A sterilization procedure code as primary or secondary (sterilization procedure codes are: 6621; 6622; 6629; 6631; 6632; 6639; 664; 6651; 6652; 6663; 6669; 6692; 6697)
- Date of admission as the date of service (must be a one day claim)
- Primary diagnosis of birth/delivery and secondary diagnosis of sterilization

Stays for combined delivery and sterilization services for enrollees of all other Medicaid managed care and FHPlus plans will continue to be billed to the health plan.

Additional information is available at www.emedny.org.

Questions on billing procedures should be directed to the eMedNY Call Center at 800-343-9000.

Questions on managed care should be directed to the Bureau of Managed Care Program Planning & Implementation at 518-473-0122.

**MEDICAID - TRADITIONAL AND MANAGED CARE
EXEMPT UNIT/HOSPITAL - PAYMENTS**

Line	Calculation Elements	Traditional Medicaid Fee For Service	Medicaid Managed Care (excludes DME)
EXEMPT UNIT/HOSPITAL ACUTE CARE PAYMENT:		<u>Data Source and Formulas</u>	<u>Data Source and Formulas</u>
1.	Exempt Unit/Hospital Stay Days		
	a. Total Number of Days in Stay (inc. ALC)	Medical Record	Medical Record
	b. Alternate Level of Care (ALC) Days	Medical Record	Medical Record
	c. Total Acute Care Days excluding ALC	Line 1a - Line 1b	Line 1a - Line 1b
2.	Acute Per Diem Rate or Alternate Payment Per Diem (Medicaid Managed Care excluding GME)	PUB_IP_MA_FFS_EU_Applicable EU Rate Code (col 1 or 3 or 5 or 7 or 9). See below for applicable Rate Code key.	PUB_IP_MA_HMO_EU_Applicable EU Rate (col 1 or 4 or 7 or 10 or 12)
3.	Total Exempt Unit/Hospital Acute Care Payment To Provider at 100%	Line 2 x Line 1c	Line 2 x Line 1c
ALTERNATE LEVEL OF CARE (ALC) PAYMENT:			
4.	CALCULATION OF ALC PAYMENT:		
(a)	Alternate Level of Care Billing Rate	PUB_IP_MA_FFS_EU_Applicable EU ALC Rate Code (col 2 or 4 or 6 or 8 or 10). See below for applicable Rate Code key)	PUB_IP_MA_HMO_EU_Applicable EU ALC Rate Code (col 3 or 6 or 9 or 11 or 14)
(b)	Number of ALC Days	Line 1b	Line 1b
(c)	Total ALC Payment	Line 4a x Line 4b	Line 4a x Line 4b
TOTAL PAYMENT AMOUNT:			
5.	Total Exempt Unit/Hospital w/ALC Payment at 100%	Line 3 + Line 4c	Line 3 + Line 4c
MEDICAID SURCHARGE CALCULATION:		<u>Data Source and Formulas</u>	<u>Data Source and Formulas</u>
A	Medicaid Surcharge (Indigent Care and Health Care Initiative Surcharge)	4/1/09 Forward ==> 7.04%	4/1/09 Forward ==> 7.04%
B	Medicaid Surcharge Amount	Line 5 x Line A	Line 5 x Line A
C	Payment to Hospital if Provider Signed Authorization for Medicaid Direct Payment of Surcharge to the Pool Administrator.	Line 5	Line 5
D	Payment to Hospital if Provider Did Not Sign Authorization for Medicaid Direct Payments - Hospital Pays Surcharge to Pool Administrator.	Line 5 + Line B	Line 5 + Line B
Rate Code Key:			
EU Rates: Specialty 201 (2947, 2948, 2949, 2959) ; Psychiatric (2852) ; Chemical Dep - Alcohol & Drug Rehab (2957, 2993) ; CAH (2999) ; Medical Rehab (2853, 2948).			
ALC Rates: Specialty 201 (2954, 2955) ; Psychiatric (2962, 2963) ; Chemical Dep - Alcohol & Drug Rehab (2966, 2967, 3118, 3119) ; CAH (2968, 2969) ; Medical Rehab (2970, 2971).			

**MEDICAID - TRADITIONAL AND MANAGED CARE
PSYCH REFORM ONLY/HOSPITAL - PAYMENTS**

Line	Calculation Elements	Traditional Medicaid Fee For Service	Medicaid Managed Care (excludes DME)
EXEMPT UNIT/HOSPITAL ACUTE CARE PAYMENT:		<u>Data Source and Formulas</u>	<u>Data Source and Formulas</u>
1.	Exempt Unit/Hospital Stay Days		
	a. Total Number of Days in Stay (inc. ALC)	Medical Record	Medical Record
	b. Alternate Level of Care (ALC) Days	Medical Record	Medical Record
	c. Total Acute Care Days excluding ALC	Line 1a - Line 1b	Line 1a - Line 1b
2.	Acute Per Diem Rate or Alternate Payment Per Diem (Medicaid Managed Care excluding DME)	See Applicable FFS Rate Publication for Psych Rate Code 2852 (Col 1)	See Applicable MMC Rate Publication for Psych Rate (Col 1)
3.	Per Case Service Intensity Weight for Psych DRG Classification	*SIW APR-DRG Table (DOH)	*SIW APR-DRG Table (DOH)
4.	Age Adjustment Factor	Age Factor (17 & under=1.0872, 18 & over =1.0000)	Age Factor (17 & under=1.0872, 18 & over =1.0000)
5.	Mental Retardation Factor	1.0599	1.0599
6.	Comorbidity Factor(s)	*Comorbidity Weight Factors (DOH) (If more than 1 exists, use highest weight factor)	*Comorbidity Weight Factors (DOH) (If more than 1 exists, use highest weight factor)
7.	LOS Scale Factor	Days 1-4=1.20 Days 5-11=1.00 Days 12-22=0.96 Days 23 & over=0.92	Days 1-4=1.20 Days 5-11=1.00 Days 12-22=0.96 Days 23 & over=0.92
8.	Non-Operating Billing Component (capital, etc)	See Applicable FFS Rate Publication for Psych Non-Operating Rate Code 2571 (Col 2)	See Applicable MMC Rate Publication for Psych Non-Operating Rate (Col 2)
9.	Electro Convulsive Therapy (ECT) Component	See Applicable FFS Rate Publication for Psych ECT Rate Code 2570 (Col 3) (x number of treatments)	See Applicable MMC Rate Publication for Psych ECT Rate (Col 3) (x number of treatments)
10.	Total Payment at 100%	Line 2 x Line 3 x Line 4 x Line 5 x Line 6 x Line 7 + Line 8 + Line 9	Line 2 x Line 3 x Line 4 x Line 5 x Line 6 x Line 7 + Line 8 + Line 9
ALTERNATE LEVEL OF CARE (ALC) PAYMENT:			
11.	CALCULATION OF ALC PAYMENT:		
	(a) Alternate Level of Care Billing Rate	See Applicable FFS Rate Publication for Psych ALC Rate Codes 2962 & 2963 (Col 4)	See Applicable MMC Rate Publication for Psych ALC Rates (Col 4)
	(b) Number of ALC Days	Line 1b	Line 1b
	(c) Total ALC Payment	Line 11a x Line 11b	Line 11a x Line 11b
TOTAL PAYMENT AMOUNT:			
12.	Total Exempt Unit/Hospital w/ALC Payment at 100%	Line 10 + Line 11c	Line 10 + Line 11c

**MEDICAID - TRADITIONAL AND MANAGED CARE
PSYCH REFORM ONLY/HOSPITAL - PAYMENTS**

		<u>Data Source and Formulas</u>	<u>Data Source and Formulas</u>
MEDICAID SURCHARGE CALCULATION:			
A	Medicaid Surcharge (Indigent Care and Health Care Initiative Surcharge)	4/1/09 Forward ==> 7.04%	4/1/09 Forward ==> 7.04%
B	Medicaid Surcharge Amount	Line 12 x Line A	Line 12 x Line A
C	Payment to Hospital if Provider Signed Authorization for Medicaid Direct Payment of Surcharge to the Pool Administrator.	Line 12 x Line A	Line 12 x Line A
D	Payment to Hospital if Provider Did Not Sign Authorization for Medicaid Direct Payments - Hospital Pays Surcharge to Pool Administrator.	Line 12 + Line B	Line 12 + Line B
* The SIW APR-DRG Table and other Payment Tables are available on the DOH public website at: http://www.health.ny.gov/facilities/hospital/reimbursement/apr-drg/weights/			

Pursuant to the authority vested in the Commissioner of Health by section 2807-c(35) of the Public Health Law, Subpart 86-1 of Title 10 of the Official Compilation of Codes, Rules and Regulations of the State of New York, is amended by adding a new section 86-1.21 effective December 1, 2009, to read as follows:

Section 86-1.21. Outlier and transfer cases rates of payment.

- (a)(1) High cost outlier rates of payment shall be calculated by reducing total billed patient charges, as approved by IPRO, to cost, as determined based on the hospital's ratio of cost to charges. Such calculation shall use the most recent data available as subsequently updated to reflect the data from the year in which the discharge occurred, and shall equal 100 percent of the excess costs above the high cost outlier threshold. High cost outlier thresholds shall be developed for each individual DRG and adjusted by hospital-specific wage equalization factors (WEF) and increased by the Consumer Price Index from the base period used to determine the statewide base price and the rate period.
- (2) A non-public, not-for-profit general hospital which has not established an ancillary and routine charges schedule shall be eligible to receive high-cost outlier payments equal to the average of high-cost outlier payments received by comparable hospitals, as determined using the following criteria:
- (i) downstate hospitals;
 - (ii) hospitals with a case mix greater than 1.75;
 - (iii) hospitals with Medicaid revenue greater than \$30 million of total revenue; and
 - (iv) hospitals with a proportion of outlier to inlier cases greater than 3.0 percent.
- (b) Rates of payment to non-exempt hospitals for inpatients who are transferred to another non-exempt hospital shall be calculated on the basis of a per diem rate for each day of the patient's stay in the transferring hospital, subject to the exceptions set forth in paragraphs (1), (2) and (3) of this subdivision. The total payment to the transferring facility shall not exceed the amount that would have been paid if the patient had been discharged. The per diem rate shall be determined by dividing the DRG case-based payment per discharge as defined in section 86-1.15(b) of this Subpart by the arithmetic inlier length of stay (LOS) for that DRG, as defined in section 86-1.15(o) of this Subpart, and multiplying by the transfer case's actual length of stay and by the transfer adjustment factor of 120 percent. In transfer cases where the arithmetic inlier LOS for the DRG is equal to one, the transfer adjustment factor shall not be applied.
- (1) Transfers among more than two hospitals that are not part of a merged facility shall be reimbursed as follows:
- (i) the facility which discharges the patient shall receive the full DRG payment; and
 - (ii) all other facilities in which the patient has received care shall receive a per diem rate unless the patient is in a transfer DRG.
- (2) A transferring facility shall be paid the full DRG rate for those patients in DRGs specifically identified as transfer DRGs.
- (3) Transfers among non-exempt hospitals or divisions that are part of a merged or consolidated facility shall be reimbursed as if the hospital that first admitted the patient had also discharged the
- (4) Services provided to neonates discharged from a hospital providing neonatal specialty services to a hospital reimbursed under the case payment system for purposes of weight gain shall be reimbursed and assigned to the applicable APR-DRG upon admission or readmission.

**Office of Medicaid Management - Medicaid Model Contract Section 3.11
Inpatient Hospital Stop-Loss Insurance for Medicaid Managed Care (MMC) Enrollees**

- a) The Contractor must obtain stop-loss coverage for inpatient hospital services for MMC Enrollees. A Contractor may elect to purchase stop-loss coverage from New York State. In such cases, the Capitation Rates paid to the Contractor shall be adjusted to reflect the cost of such stop-loss coverage. The cost of such coverage shall be determined by SDOH.
- b) Under NYS stop-loss coverage, if the hospital inpatient expenses incurred by the Contractor for an individual MMC Enrollee during any calendar year reaches \$100,000, the Contractor shall be compensated for eighty percent (80%) of the cost of hospital inpatient services in excess of this amount up to a maximum of \$250,000. Above that amount, the Contractor will be compensated for one hundred percent (100%) of cost. All compensation shall be based on the lower of the Contractor's negotiated hospital rate or Medicaid rates of payment.
(Note: "Medicaid rates of payment" interpreted to be the Managed Care rates (not FFS rates.)