

- I. Outpatient Direct Medicaid Payment
 - A. In-state hospitals receive an outpatient Direct Medicaid payment to account for the outpatient cost of the Federal Reimbursement Allowance (FRA) assessment attributable to Medicaid participants.
 - B. The Medicaid share of the outpatient FRA assessment will be calculated by dividing the hospital's outpatient Medicaid charges by the total outpatient hospital charges from the third prior year cost report to arrive at the Medicaid utilization percentage. This percentage is then multiplied by the outpatient FRA assessment for the current SFY to arrive at the increased allowable Medicaid cost for the outpatient FRA assessment.
 - C. The annual outpatient Direct Medicaid Payment will be calculated for each hospital at the beginning of each state fiscal year (SFY). The annual amount will be processed over the number of financial cycles during the SFY.

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