

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Nevada

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XIV. DIRECT GRADUATE MEDICAL EDUCATION PAYMENTS

This section of the state plan contains the provisions for making additional Medicaid payments to recognize the additional direct costs incurred by non-state government owned hospitals with approved graduate medical education programs.

A. Qualifying Hospitals:

Non-state government owned hospitals that participate in the Medicaid program are eligible for additional reimbursement related to the provision of Direct Graduate Medical Education (GME) activities. To qualify for these additional Medicaid payments, the hospital must also be eligible to receive GME payments from the Medicare program under provision of 42 C.F.R 413.75.

B. Direct Graduate Medical Education Definitions:

- (i) Base-year per resident amount – is the Medicaid allowable inpatient direct graduate medical education cost as reported on CMS form 2552, Hospital Cost Report; worksheet B, Part I, line 22, column 22 and line 23, column 23, divided by the un-weighted FTE residents from worksheet S-3; Part I; line 12 and line 14, column 7 of the hospital cost report ending in 6/30/2008.
- (ii) Current Number of FTE Residents – means the number of full-time-equivalent interns, residents, or fellow who participate in an approved medical residency program, including programs in osteopathy, dentistry, and podiatry, as required in order to become certified by the appropriate specialty board reported on CMS form 2552, Hospital Cost Report ; worksheet S-3: Part I; line 12 and line 14, column 7.
- (iii) Medicaid Patient Load – is the ratio of Medicaid inpatient days to total hospital inpatient days. This ratio is determined by the following; Medicaid inpatient days as reported on CMS form 2552, Hospital Cost Report ; worksheet S-3; Part I; lines 2, 2.01, 12 and 14; column 5 is divided by the hospital's total inpatient days, as reported on worksheet S-3; Part I; lines 12 and 14; column 6. Medicaid inpatient days and total inpatient days included inpatient nursery days and managed care days.

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C. Methodology for Determining Direct GME Payments:

The hospitals that qualify for GME payments will have their hospital specific payment amount determined as follows:

- (i) The base-year per resident amount is multiplied by the actual regulation market basket change and Medicare payment updated used for Medicare Inpatient Prospective Payment Systems (IPPS) as published in the "Federal Register. The index updates reflect payment increases before budget neutrality;
- (ii) The results in (i) are multiplied by the current number of FTE residents;
- (iii) The results in (ii) are multiplied by the Medicaid patient load which results in the total direct GME payment for the hospitals.

D. Payments of Direct GME:

- (i) The current number of FTE residents and the Medicaid patient load will be updated annually using data from the most recent Medicare/Medicaid hospital cost report (CMS form 2552) submitted to Medicare by each qualifying hospital;
- (ii) Beginning January 2, 2010, the state will calculate the total direct GME reimbursement for qualifying hospitals using the methodology in section C. above. The state will determine the annual GME amount payable to qualifying hospitals prospectively for period that will begin each July 1. On a quarterly basis, qualifying hospital will receive a GME payment equal to twenty-five percent (25%) of the annually determined GME amount. A quarterly payment will be made in each calendar quarter during the state's fiscal year.

**OS Notification**

**State/Title/Plan Number:** Nevada State Plan Amendment 10-002A

**Type of Action:** SPA Approval

**Effective Date of SPA:** January 2, 2010

**Required Date for State Notification:** December 6, 2011

**Fiscal Impact:** \$4,511,985 federal FFY 2010  
\$5,548,760 federal FFY 2011

**Number of Services Provided by Enhanced Coverage, Benefits or Retained Enrollment:** 0

**Number of Potential Newly Eligible People:** 0

or

**Eligibility Simplification:**

**Provider Payment Increase or Decrease:** Increase

**Delivery System Innovation:** No

**Number of People Losing Medicaid Eligibility:** 0

**Reduces Benefits:** No

**Detail:** This State Plan Amendment provides for a graduate medical education supplemental payment to non-State governmental teaching hospitals, subject to the non-State governmental inpatient hospital upper payment limit, effective January 2, 2010. The supplemental payments are funded by county intergovernmental transfers. All intergovernmental transfer agreements have been reviewed to ensure compliance with federal requirements. Certifications that these political subdivision transfers are voluntary and not required by the State have also been reviewed for compliance. The State has adequately responded to funding questions and provided a demonstration that these increased inpatient hospital supplemental payments are within the non-State governmental inpatient hospital upper payment limit. However, our review of the upper payment limit found that there are flaws in the State's methodology in estimating certain Medicare payment components, and we are requesting the State to correct this by the State plan rate year beginning 2013. Finally, there is no issue with public process and tribal consultation requirements.

**Other Considerations:** We do not recommend the Secretary contact the Governor.

**Recovery Act Impact:** The non-federal share funding of this supplemental payment is funded by county transfers which have been certified as voluntary. There is no other issue with Section 5001(g)(2) of the Recovery Act (political subdivision contribution). Additionally, we are not aware at this time of any other violations of the Recovery Act requirements, including eligibility maintenance of effort, prompt payment, and rainy day funds.

**CMS Contacts:** Mark Wong, NIRT, 415-744-3561  
Venesa Day, NIRT, 410-786-8281  
Tim Weidler, NIRT, 816-426-6429  
Janet Freeze, DRSF, 410-786-3247