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**Region II**  
**Federal Building**  
**26 Federal Plaza**  
**New York, N.Y. 10278**

August 25, 2011

Jason A. Helgeson  
Deputy Commissioner  
New York State Department of Health  
Corning Tower, Empire State Plaza  
Albany, New York 12237

Dear Commissioner Helgeson:

This is to notify you that New York State Plan Amendment (SPA) #11-59 has been approved for adoption into the State Medicaid Plan with an effective date of May 1, 2011. The SPA proposes to redefine the geographic regions for Federally Qualified Health Centers (FQHCs) to be consistent with geographic regions as defined in the Ambulatory Patient Groups (APGs) methodology. The Downstate Region shall consist of the five counties comprising New York City and the counties of Nassau, Suffolk, Westchester, Rockland, Orange, Putnam, and Dutchess, and the Upstate Region shall consist of all counties in the State other than those counties included in the Downstate Region.

This SPA approval consists of 2 Pages. As New York has requested, we are approving the following Attachment 4.19-B Pages which was submitted by the State via electronic transmission on July 28, 2011 to CMS: Attachment 4.19-B-Page 2(c)(iv) and 2(c)(iv.1). In addition, we are processing the SPA using the HCFA-179 which was also provided in the State's August 23, 2011 submission.

This amendment satisfies all of the statutory requirements at sections 1902(a)(13) and (a)(30) of the Social Security Act, and the implementing regulations at 42 CFR 447.250 and 447.272. Enclosed are copies of SPA #11-59 and the HCFA-179 form, as approved.

If you have any questions or wish to discuss this SPA further, please contact Ricardo Holligan or Shing Jew of this office. Mr. Holligan may be reached at (212) 616-2424, and Mr. Jew's telephone number is (212) 616-2426.

Sincerely,

/s/

Michael Melendez  
Associate Regional Administrator  
Division of Medicaid and Children's Health

Enclosure: SPA #11-59  
HCFA-179 Form

CC: JUlberg  
PMossman  
KKnuth  
RWeaver  
LTavener  
AHiggs  
SJew  
SFuentes

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		1. TRANSMITTAL NUMBER: <b>11-59</b>	2. STATE <b>New York</b>
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE <b>May 1, 2011</b>	
5. TYPE OF PLAN MATERIAL (Check One):  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: <b>Section 1902(a) of the Social Security Act, and 42 CFR 447</b>		7. FEDERAL BUDGET IMPACT: a. FFY 5/1/11- 9/30/11 \$1.15 million b. FFY 10/1/11- 9/30/12 \$2.62 million	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 4.19-B: Page 2(c)(iv), 2 (c) (iv.1)</b> <b>** SEE REMARKS</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>Attachment 4.19-B: Page 2(c)(iv)</b>	
10. SUBJECT OF AMENDMENT: <b>(FMAP = 56.88% 4/1/11-6/30/11; 50% 7/1/11 forward)</b>			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO: <b>New York State Department of Health Corning Tower Empire State Plaza Albany, New York 12237</b>	
13. TYPED NAME: <b>Jason A. Helgerson</b>			
14. TITLE: <b>Medicaid Director &amp; Deputy Commissioner Department of Health</b>			
15. DATE SUBMITTED:			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:		18. DATE APPROVED: <b>AUG 25 2011</b>	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL:			
21. TYPED NAME: <b>Michael Melendez</b>		22. TITLE: <b>Associate Regional Administrator Division of Medicaid and State Operations</b>	
23. REMARKS: <b>The SPA proposes to redefine the geographic regions for FQHCS to be consistent with the geographic regions as defined by the ambulatory patient groups (APG) reimbursement methodology.</b>			

**Federally Qualified Health Centers (FQHCs) and Rural Health Clinics**

Prospective Payment System Reimbursement as of [1] January 1, 2001 for [Federally Qualified Health Center (FQHCs)] and Rural Health Clinics including FQHCs located on Native American reservations and operated by Native American tribes or Tribal Organizations pursuant to applicable Federal Law and for which State licensure is not required.

For services provided on and after January 1, 2001 and prior to October 1, 2001, all-inclusive rates shall be calculated by the Department of Health, based on the lower of the facilities' allowable operating cost per visit or the peer group ceiling plus allowable capital cost per visit. The base for this calculation shall be the average of cost data submitted by facilities for both the 1999 and 2000 base years.

For each twelve month period following September 30, 2001, the operating cost component of such rates of payment shall reflect the operating cost component in effect on September [thirtieth] 30th of the prior period as increased by the percentage increase in the Medicare Economic Index and as adjusted pursuant to applicable regulations to take into account any increase or decrease in the scope of services furnished by the facility.

Supplementary increases in Medicaid rates of payment for these providers which is paid for the purpose of recruitment and retention of non-supervisory workers or workers with direct patient care responsibility, in accordance with the provisions of [page 2(c)(vii)] the Workforce Recruitment and Retention section of this [a]Attachment, are in addition to the standard Medicaid operating cost component calculation. As such, they are not subject to trend adjustments. These supplementary increases shall be in effect through June 30, 2005.

Rates of payments to facilities which first qualify as federally qualified health centers on or after October 1, 2000 shall be computed as above provided, however, that the operating cost component of such rates shall reflect an average of the operating cost components of rates of payments issued to other FQHC facilities during the same rate period and in the same geographic region, and with similar case load, and further provided that the capital cost component of such rates shall reflect the most recently available capital cost data for such facility as reported to the Department of Health. Effective May 1, 2011, the geographic regions will consist of the Downstate Region, which includes the five counties comprising New York City and the counties of Nassau, Suffolk, Westchester, Rockland, Orange, Putnam, and Dutchess and the Upstate Region, which includes all counties in the State other than those counties included in the Downstate Region. For each twelve-month period following the rate period in which such facilities commence operation, the operating cost components of rates of payment for such facilities shall be computed as described above.

TN #11-59

Approval Date AUG 25 2011

Supersedes TN #04-23

Effective Date MAY 01 2011

**OFFICIAL**

New York  
2(c)(iv.1)

Attachment 4.19-B  
(4/11)

For services provided on or after January 1, 2001, until such time as the new methodology is implemented, facilities shall be paid via the methodology in place as of December 31, 2000. The difference between the two methodologies shall be calculated and the sum shall be paid, on a per visit basis, in the fiscal year immediately following implementation of this new methodology.

For services provided on or after January 1, 2001 by FQHC's participating in managed care, supplemental payments will be made to these FQHC's that will be equal to 100% of the difference between the facilities reasonable cost per visit rate and the amount per visit reimbursed by the managed care plan.

TN #11-59

Supersedes TN NEW

**NEW**

Approval Date

AUG 25 2011

Effective Date

NOV 01 2011