



DIVISION OF MEDICAID AND CHILDREN'S HEALTH OPERATIONS

DMCHO: JH

July 16, 2013

Jason Helgeson
Deputy Commissioner
Office of Health Insurance Programs
New York State Department of Health
Corning Tower (OCP 1211)
Empire State Plaza
Albany, New York 12237

Dear Mr. Helgeson:

This is to notify you that New York State Plan Amendment (SPA) #13-46 has been approved for adoption into the State Medicaid Plan with an effective date of April 1, 2013. The SPA will continue the Hospital-Based Outpatient Ambulatory Patient Group (APG) payment methodology to March 31, 2014.

Enclosed are copies of SPA #13-46 and the HCFA-179 form, as approved. As requested by the State, CMS has entered pen & ink changes to Box 7b, Federal Budget Impact, to correct the FFY to 9/30/14.

We understand New York is working to complete its upper payment limit (UPL) demonstration for these services and expects to have this information to CMS shortly. This UPL information is necessary for continued processing of many pending amendments and will bring the State into compliance with the SMD letter. CMS will not approve any further extension of the State's APG payment system absent the UPL information and may take additional actions.

If you have any questions or wish to discuss this SPA further, please contact Shing Jew at (212) 616-2426 or Joanne Hounsell at (212) 616-2446.

Sincerely,

A large black rectangular redaction box covers the signature area of the letter.

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

Enclosures: HCFA 179 Form
State Plan Pages

Approval letter – NY SPA 13-46 (*continued*)

cc: JUlberg
 PMossman
 KKnuth
 IMatthews
 LTavener
 RWeaver
 MCieslicki
 JGuhl
 NMcKnight
 SJew
 GCritelli
 JHounsell
 MLopez

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 13-46	2. STATE New York
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION	4. PROPOSED EFFECTIVE DATE April 1, 2013	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: Section 1902(a) of the Social Security Act, and 42 CFR 447.204	7. FEDERAL BUDGET IMPACT: a. FFY 04/01/13-09/30/13 \$0 b. FFY 10/01/13-09/30/14 \$0 ³⁰
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B: Page 1(e)(1)	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B: Page 1(e)(1)
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10. SUBJECT OF AMENDMENT:
Extend APG methodology

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. STATE AGENCY OFFICIAL: 13. TYPED NAME: Jason A. Helgeson 14. TITLE: Medicaid Director Department of Health 15. DATE SUBMITTED: April 24, 2013	16. RETURN TO: New York State Department of Health Bureau of HCRA Operations & Financial Analysis 99 Washington Ave - One Commerce Plaza Suite 810 Albany, NY 12210
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FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED	DATE APPROVED: JUL 16 2013
PLAN APPROVED - ORIGINAL ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL	
21. TYPED NAME: Michael J. Melendez	
23. REMARKS: As per the State's request via e-mail on July 16, 2013, a pen & ink change was made to box 7b.	

OFFICIAL

Attachment 4.19-B

**New York
1(e)(1)**

Ambulatory Patient Group System: Hospital-Based Outpatient

For dates of service beginning December 1, 2008, for hospital outpatient clinic and ambulatory surgery services, and beginning January 1, 2009, for emergency department services, through March 31, [2013] 2014, the operating component of rates for hospital based outpatient services shall be reimbursed using a methodology that is prospective and associated with resource utilization to ensure that ambulatory services are economically and efficiently provided. The methodology is based upon the Ambulatory Patient Group (APG) classification and reimbursement system. This methodology incorporates payments for the separate covered Medicaid benefits in accordance with the payment methods for these services. Reimbursement for the capital component of these rates shall be made as an add-on to the operating component as described in the APG Rate Computation section.

The Ambulatory Patient Group patient classification system is designed to explain the amount and type of resources used in an ambulatory visit by grouping patients with similar clinical characteristics and similar resource use into a specific APG. Each procedure code associated with a patient visit is assigned to an APG using the grouping logic developed by 3M Health Information Systems. When evaluation and management codes are coded, the APG grouping logic also uses the diagnosis code to make the APG assignment. Ultimately, the procedures and diagnoses coded for a patient visit will result in a list of APGs that correspond on a one-for-one basis with each procedure coded for the visit.

TN #13-46

Approval Date JUL 16 2013

Supersedes TN #09-65-A

Effective Date APR 01 2013