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State/Territory Name: New York

State Plan Amendment (SPA) #: NY 14-0009

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approval SPA Pages



Financial Management Group

OCT 05 2017

Jason A. Helgeson
State Medicaid Director
Deputy Commissioner
Office of Health Insurance Programs
NYS Department of Health
Corning Tower (OCP - 1211)
Albany, NY 12237

RE: State Plan Amendment (SPA) 14-0009

Dear Commissioner Helgeson:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State Plan submitted under transmittal number (TN) 14-0009. Effective January 1, 2014 this amendment will provide a methodology to establish a rate adjustment for hospitals that are designated as a new teaching hospital for direct and indirect medical education costs.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. This letter is to inform you SPA 14-0009 is approved effective January 1, 2014. We are enclosing the CMS-179 and the amended approved plan page.

If you have any questions, please contact Charlene Holzbaur at 609-882-4103 Ext. 104.

Sincerely,

A black rectangular box redacting the signature of Kristin Fan.

Kristin Fan
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:
14-0009

2. STATE
New York

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
January 1, 2014

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:
§ 1902(a) of the Social Security Act, and 42 CFR 447

7. FEDERAL BUDGET IMPACT (in thousands):
a. FFY 01/01/14-09/30/14 \$ 103.67
b. FFY 10/01/14-09/30/15 \$ 697.66

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A Page: 138; 138.1; 138.2; 138.3; 138.4

9. PAGE NUMBER OF THE SUPERSEDED PLAN
SECTION OR ATTACHMENT (If Applicable):

Attachment 4.19-A Page: 138

10. SUBJECT OF AMENDMENT:
New Teaching Hospitals
(FMAP = 50%)

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Justin A. Helgerson

14. TITLE: Medicaid Director
Department of Health

15. DATE SUBMITTED: March 31, 2014

16. RETURN TO:

New York State Department of Health
Bureau of HCRA Operations & Financial Analysis
99 Washington Ave - One Commerce Plaza
Suite 1430
Albany, NY 12210

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

OCT 05 2017

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JAN 01 2014

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Kristen FAN

22. TITLE:

Director, FMC

23. REMARKS:

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- b. Any errors regarding a medical facility's capital cost reimbursement.
- [5. The Department may refuse to accept or consider a rate appeal from a facility that:
- a. is providing an unacceptable level of care as determined after review by the State Hospital review and Planning Council; or
 - b. is operated by the same management that operates a facility with regard to which a determination of an unacceptable level of care has been made in accordance with paragraph (a) of this subdivision; or
 - c. has been determined by the Department as being operated by a person or persons not properly established or licensed pursuant to the Public Health Law; or
 - d. is delinquent in the payment of a fine or penalty imposed on the facility pursuant to the Public Health Law.
6. Any hospital whose Medicaid inpatient rates are subject to this Subpart and which is determined by the federal Department of Health and Human Services to be no longer eligible for reimbursement pursuant to Title XVIII (Medicare) of the federal social security act shall not be eligible for reimbursement by Medicaid until re-certification of the facility by the federal Department of Health and Human Services as eligible for reimbursement pursuant to Title XVIII of the federal Social Security Act.]
- c. i. Beginning on and after January 1, 2014, direct graduate medical education (DGME) and indirect graduate medical education (IME) costs, as defined under the Definitions Section of this Attachment for Graduate Medical Education, for hospitals where the teaching status has changed from non-teaching to teaching.
- ii. Rate appeals and rate adjustments for new teaching hospitals.
1. Eligible for reimbursement.
 - a. New teaching hospital (from non-teaching to teaching status)
 - b. New residency programs which are started by the new teaching hospital during the 5-year ramp-up period as defined in subparagraph 4(c)(ii)(3)(d).
 2. Not Eligible for reimbursement.

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- a. New teaching program in an already existing teaching hospital.
 - b. Residency programs transferred to the new teaching hospital from an existing teaching hospital.
 - c. Affiliated existing teaching hospital training additional residents 'based at' the new teaching hospital. Affiliated hospital will not receive a rate adjustment.
3. Appeal requirements.
- a. A hospital is required to submit a written request to the Department of Health (Department) for additional reimbursement due to the new teaching status.
 - b. An initial rate adjustment will be calculated for Program Year 1 (PGY 1) provided the Department has received the appeal request and all supporting documentation required 30 days prior to the start of the first teaching program. If an appeal is received subsequent to the start of PGY 1, the rate adjustment will be calculated based on the ramp-up period that the provider is in at the time of the appeal request.
 - c. Ramp-up schedules 1 and 2 are determined based on the Department's receipt of the appeal request pursuant to subparagraph 4(c)(ii)(3)(b). Ramp-up appeal requests will only be accepted during the hospital's determined schedule. The appropriate schedule will be noted in the Department's response to the appeal request. A chart of the potential appeal schedules has been provided below:

1	30 days prior to July 1st	July 1st	Program	Initial Year
2	30 days prior to Jan 1st	Jan 1st	January - Calendar Year	Schedule 1
	After Jan 1st but 30 days prior to July 1st	July 1st	July - PGY residents	Schedule 2
3	30 days prior to Jan 1st	Jan 1st	January - Calendar Year	Schedule 1
	After Jan 1st but 30 days prior to July 1st	July 1st	July - PGY residents	Schedule 2
4	30 days prior to Jan 1st	Jan 1st	January - Calendar Year	Schedule 1
	After Jan 1st but 30 days prior to July 1st	July 1st	July - PGY residents	Schedule 2
Final	30 days prior to Jan 1st	Jan 1st	January - Calendar Year	Schedule 1
	After Jan 1st but 30 days prior to July 1st	July 1st	July - PGY residents	Schedule 2

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- d. Hospitals have 5 years to establish new programs. This time period is viewed as a 'ramp-up' period and year 1 of the program is defined as the first approved program year that the hospital received teaching status. Appeals for new teaching costs will only be accepted during this ramp-up period.
- e. The hospital will provide the following data:
- i. Documentation from the accrediting organization demonstrating the maximum number of approved positions eligible for the associated programs.
 - ii. Documentation from the new teaching hospital demonstrating the projected filled slots for the associated programs for the upcoming PGY. Documentation must include the resident name, residency program, program year, start date, and expected graduation date.
 - iii. Documentation from the new teaching hospital demonstrating the actual filled slots for the associated programs from the prior PGY if applicable. This includes resident name, residency program, program year, start date, and expected graduation date.
 - iv. Completion of the Department's New Teaching Hospital - Form (A) found on the APR-DRG website below:

<https://www.health.ny.gov/facilities/hospital/reimbursement/apr-drg/rates/>
 - v. Budgeted DGME costs must be included in the New Teaching Hospital Form (A) and must reflect calendar year based on the effective date of the rate adjustment. Budgeted DGME Costs must be discretely reported consistent with the standard cost centers provided for interns and residents, and supervising physicians within the annual institutional cost report.
4. Additional reimbursement will be received based on:
- a. The initial effective date for a rate increase due to an appeal will be in accordance with subparagraph 4 (c)(ii)(3)(b). This provides for reimbursement effective July 1st.
 - b. Subsequent appeals after the initial effective date will be accepted during the ramp-up period and in accordance with subparagraph 4(c)(ii)(3)(c).
 - c. A Direct Graduate Medical Education (DGME) payment per discharge will be added to the acute per discharge rate as stated in the Add-ons to the case payment rate per discharge section of this attachment.

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- i. For new teaching hospitals budgeted DGME costs will be submitted by the hospital and used until the first full year of actual DGME costs are available in a provider's Institutional Cost Report (ICR). The first full year of actual DGME costs for this purpose will be the first full year after the last ramp-up year. DGME budgeted costs can be submitted by a hospital for a rate revision each year during the ramp-up period.
 - 1. If an appeal is not submitted with updated budgeted DGME costs, the budgeted DGME costs currently in the rate will continue.
- ii. The DGME budgeted costs will be allocated between inpatient and outpatient services, however, there is no rate increase in the outpatient services for new teaching hospitals. Appeals for an initial rate adjustment are required to report the percentage of costs allocated to Inpatient and Outpatient services in section 6 of the New Teaching Hospital - (Form A). Once a full year of program costs have been included in an ICR submitted to the Department during the ramp up period, the total inpatient DGME traceback percentages for that year will be utilized for the remainder of the ramp-up period.
- iii. At the time the Department updates the base year utilized for the DGME add-ons to the rate, if the provider is still in their ramp-up period, the new teaching costs will remain on budgeted costs.
- iv. The DGME add-on to the rate will be calculated by dividing the total inpatient DGME budgeted costs by the total reported Medicaid discharges as defined in paragraph 3 (b) of the Statewide base price section.
- d. An Indirect Medical Education (IME) payment will be added to the acute per discharge rate as stated in the Add-ons to the case payment rate per discharge section of this attachment.
 - i. An IME percentage will be calculated for new teaching hospitals as follows and applied to the adjusted statewide base price to determine the per case add-on payment.
 - 1. For IME rate adjustments, effective July 1st for program year, the IME Payment percentage will be calculated based on the formula $[1.03 * (((1 + (r)) ^ {0.405}) - 1)]$ where "r" equals the ratio of residents for the upcoming PGY, as provided with the appeal, to inpatient acute staff beds as reported in the base period defined in paragraph 3 of the statewide base price section.
 - 2. For IME rate adjustments, effective January 1st for calendar year, the IME Payment percentage will be calculated based on the formula $[1.03 * (((1 + (r)) ^ {0.405}) - 1)]$ where "r" equals the ratio of calendar year residents as defined in paragraph 3 of this section to

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inpatient acute staff beds as reported in the base period defined in paragraph 3 of the Statewide base price section.

3. Calendar year residents are calculated as follows:

- i. Upcoming PGY Resident counts as provided in paragraph 4(c)(ii)(3)(e)(ii) are multiplied by six months
- ii. Prior PGY Resident counts as provided in 4(c)(ii)(3)(e)(iii) are multiplied by six months
- iii. The calendar year residents equal the sum of i and ii divided by twelve months.

- ii. IME residents will be calculated each ramp-up year until the final year ramp-up.

5. The Department may refuse to accept or consider a rate appeal from a facility that:

- a. is providing an unacceptable level of care as determined after review by the State Hospital review and Planning Council; or
- b. is operated by the same management that operates a facility with regard to which a determination of an unacceptable level of care has been made in accordance with paragraph (a) of this subdivision; or
- c. has been determined by the Department as being operated by a person or persons not properly established or licensed pursuant to the Public Health Law; or
- d. is delinquent in the payment of a fine or penalty imposed on the facility pursuant to the Public Health Law.

6. Any hospital whose Medicaid inpatient rates are subject to this Subpart and which is determined by the federal Department of Health and Human Services to be no longer eligible for reimbursement pursuant to Title XVIII (Medicare) of the federal social security act shall not be eligible for reimbursement by Medicaid until re-certification of the facility by the federal Department of Health and Human Services as eligible for reimbursement pursuant to Title XVIII of the federal Social Security Act.

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