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State/Territory Name: Florida

State Plan Amendment (SPA) #: FL-24-0008-A

This file contains the following documents in the order listed:

1) Approval Letter
2) Companion Letter
3) CMS 179 Form/Summary Form (with 179-like data)
4) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

Financial Management Group

September 14, 2026

Mr. Brian Meyer
Deputy Secretary for Medicaid
Agency for Health Care Administration
2727 Mahan Drive, MS #8
Tallahassee, Florida 32308

RE: TN 24-0008-A

Dear Secretary Meyer:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Florida state plan amendment (SPA) to Attachment 4.19-A FL-24-0008-A, which was submitted to CMS on September 25, 2024. This plan amendment makes technical and editorial changes for the Inpatient Services and the Graduate Medical Education (GME) as authorized in the General Appropriations Act, SB 330, and SB 7016 for State Fiscal Year 2024-2025.

We reviewed your SPA submission for compliance with statutory requirements, including sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 of the Social Security Act (the Act) as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2) of the Act and the applicable implementing federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of July 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages. Additionally, a companion letter is included with this approval package. CMS identified issues with the GME payments calculated using a hospital's allocation fraction (HAF) and based primarily on the number of full-time resident positions in a hospital. To the extent the payments are not connected to the provision of underlying covered services, the aggregate payments appear inconsistent with economy and efficiency as required under section 1902(a)(30)(A) of the Act. The companion letter requests that the state end these payments. More details can be found in the attached companion letter.

If you have any additional questions or need further assistance, please contact James Francis at 617-531-7575 or via email at James.Francis@cms.hhs.gov.

Sincerely,

[redacted]

Rory Howe
Director
Financial Management Group

Enclosures

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

Financial Management Group

September 14, 2026

Brian Meyer
Deputy Secretary for Medicaid
Florida Agency for Health Care Administration
2727 Mahan Drive
Mail Stop #8
Tallahassee, FL 32308

RE: Payments to Hospitals for Medical Education in SPA FL-24-0008-A

Dear Secretary Meyer:

This letter is being sent as a companion to our approval of Florida Medicaid state plan amendment (SPA) 24-0008-A. During our review of this SPA, the Centers for Medicare & Medicaid Services (CMS) identified issues with graduate medical education costs payments. Section 1902(a)(10) of the Social Security Act (the Act) requires that the Medicaid state plan "provide for making medical assistance available" for eligible individuals. Medical assistance is defined at 1905(a) of the Act as "payment of part or all of the cost of the following care and services, or the care and services themselves, or both…." Section 1902(a)(30)(A) of the Act requires that the state plan provide for methods and procedures relating to the payment for care and services under the plan to "assure that payments are consistent with efficiency [and] economy…." Section 1902(a)(2) of the Act requires the state to provide for financial participation by the state, including as permissible from local sources, equal to all of the required non-federal share of Medicaid expenditures.

Florida SPA 24-0008-A includes Medicaid state plan payment provisions that appear not to be for care and services furnished to Medicaid beneficiaries, but instead for payments to hospitals for medical education that we are unable to determine, based on the information the state has provided, are related to the provision of medical assistance to eligible Medicaid beneficiaries. The Medicaid statute does not include authority for standalone graduate medical education payments to providers. To the extent payments to providers include payments for care and services they have furnished to Medicaid beneficiaries and also graduate medical education payments under SPA 24-0008-A that are not connected to the provision of underlying covered services, the aggregate payments to providers would appear inconsistent with economy and efficiency as required under section 1902(a)(30)(A) of the Act. And, to the extent the state were to receive federal financial participation in the graduate medical education payments, this would appear to have the effect of increasing the federal share of expenditures for the medical assistance expenditures above the level specified in statute. The current methodologies that

calculate graduate medical education payments using a hospital's allocation fraction (HAF), based primarily on the number of full-time resident positions in a hospital, does not clearly demonstrate a connection to the provision of Medicaid services. As a result, CMS is issuing this companion letter acknowledging that the state has added to SPA 24-0008-A a "sunset date" of June 30, 2027, to end these payments. We are taking this approach of approving the SPA with a companion letter instead of disapproving SPA 24-0008-A to allow the state a limited but sufficient amount of time to wind down the graduate medical education payments that we cannot determine are connected to the provision of Medicaid-covered care and services.

CMS appreciates the state's partnership with addressing the issues identified with this SPA, and we are available to provide any required technical assistance should the state wish to submit any future SPAs to make graduate medical education payments. If you have any questions, please contact James Francis via email at james.francis@cms.hhs.gov.

Sincerely,

Rory Howe
Director
Financial Management Group

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 24-0008-A

2. STATE: FL

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

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2023-24 $ ~~1~~ - $12,949,485
b. FFY 2024-25 $ ~~1~~ - $38,848,454

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A Part I pages 41, 45, 45a, 45b ,45c

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-A Part I pages 41, 45

9. SUBJECT OF AMENDMENT
This amendment to the Inpatient Hospital Reimbursement plan includes Slots for Doctors which expands Florida physician capacity while strengthening access to care statewide.

10. 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:

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Brian Meyer

13. TITLE
Deputy Secretary for Medicaid

14. DATE SUBMITTED
9 - 25 - 24

15. RETURN TO
Mr. Brian Meyer

Deputy Secretary for Medicaid
Agency for Health Care Administration
2727 Mahan Drive, Mail Stop #8
Tallahassee, Florida 32308

Attention: Shanise Jackson

FOR CMS USE ONLY

16. DATE RECEIVED
9 - 25 - 2024

17. DATE APPROVED
September 14, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
7 - 1 - 2024

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, Financial Management Group

22. REMARKS
9/11/2026: Florida provided written permission to make a pen-and-ink change to Block 6 as follows: a. $12,949,485, b. $38,848,454 (JGF)

Instructions on Back

TAAPSNH = Total amount available for PSN hospitals

IHPSND = Individual hospital PSN days

THPSND = Total of all hospital PSN days

The PSN inpatient days shall be provided in the General Appropriations Act.

VII. Skilled Nursing Unit (SNU) Reimbursement

Medicaid reimburses Medicaid participating hospitals for the provision of skilled nursing services. These rates are made on the basis of the average nursing home payment for those services in the county in which the hospital is located. If a hospital is located in a county that does not have a nursing home, the payment to the hospital will be the average nursing home service payment for the surrounding counties. Skilled nursing unit services are limited to 30 days for each Medicaid recipient unless prior authorization has been granted by AHCA. Rates published are effective as of the first day of the rate semester.

VIII. Graduate Medical Education

The Graduate Medical Education program (Sections A – J below) is established to improve the quality of care and access to care for Medicaid recipients by supporting graduate medical education activities that are directly linked to the Medicaid program and intended to strengthen the availability of providers serving Medicaid beneficiaries. Payments shall be made to hospitals and qualifying institutions for graduate medical education activities that support Medicaid's objectives of improving quality of care and access for Medicaid beneficiaries and will be administered in compliance with the aggregate UPL requirement. This system of payments is designed to generate federal matching funds under Medicaid and distribute the resulting funds to participating providers on a quarterly basis in each fiscal year for which an appropriation is made.

A. The Statewide Medicaid Residency Program is established to improve the quality of care and access to care for Medicaid recipients, expand graduate medical education on an equitable basis, and increase the supply of highly trained physicians statewide. AHCA shall make payments to hospitals and qualifying institutions for graduate medical education associated with the Medicaid program. This

E. Mental Health Graduate Medical Education

Payments are made to fund $200,000 per FTE per filled Fiscal Year 2022-2023 unweighted FTE resident, fellow or intern position in an accredited program who rotates through mental health and behavioral health facilities licensed under section 394, Florida Statutes, to address the severe deficit of physicians trained in these specialties. This payment methodology ends as of June 30, 2027.

F. Adult and Child Psychiatry for Federally Qualified Health Centers

Payments are made to fund Psychiatry Residents slots for Federally Qualified Health Centers that hold continued institutional accreditation from the Accreditation Council for Graduate Medical Education in adult and child psychiatry. This payment methodology ends as of June 30, 2027.

G. Indirect Graduate Medical Education

Indirect graduate medical education (IME) payments shall be made to eligible teaching hospitals. These payments recognize the increased use of ancillary services associated with the educational process and the higher case-mix intensity of teaching hospitals. The state shall use the total Diagnosis Related Group (DRG) payment as published in the Medicaid Hospital Funding Programs each state fiscal year to calculate the IME payments.

H. Slots For Doctors

Payments are calculated utilizing each participating hospital's and qualifying institution's allocation fraction formula below for each newly created resident position that is first filled on or after June 1, 2023, and filled thereafter, and that is accredited by the Accreditation Council for Graduate Medical Education or the Osteopathic Postdoctoral Training Institution in an initial or established accredited training program which is in a physician specialty or subspecialty in a statewide supply-and-demand deficit.

The following formula is used to calculate a participating hospital’s allocation fraction:

HAF = [0.9 x (HP/TP)] + [0.1 x (HMP/TMP)]

Where:

HAF=A hospital’s allocation fraction.

HP = The hospital's total Slots for Doctors positions.

TP = Total Slots for Doctors positions for all participating hospitals.

HMP = The hospital's Medicaid payments.

TMP = Total statewide Medicaid payments for all participating hospitals.

The annual allocation shall be calculated by multiplying the funds appropriated in the amount of $80,000,000 for SFY 2024-25 to the Slots for Docs Program in the General Appropriations Act by that hospital's allocation fraction. If the calculation results in an annual allocation that exceeds two times the average per position amount for all hospitals, the hospital's annual allocation shall be reduced to a sum equaling no more than two times the average per position. The funds calculated for that hospital in excess of two times the average per position amount for all hospitals shall be redistributed to participating hospitals whose annual allocation does not exceed two times the average per position amount for all hospitals, using the same methodology and payment schedule specified in this section. This payment methodology ends as of June 30, 2027.

I. Slots For Doctors - Behavioral Health

Payments are calculated utilizing each participating hospitals and qualifying institution's allocation fraction formula below for designated Behavioral Health Teaching Hospitals for 17 positions through the Slots For Doctors – Behavioral Health program, for 2024. The following formula is used to calculate a participating Behavioral Health Teaching hospital's allocation fraction:

BHHAF = [0.9 x (HP/TP)] + [0.1 x (HMP/TMP)]

Where:

BHHAF=A behavioral health hospital's allocation fraction.

HP = The hospital's total Slots for Doctors positions.

TP = Total Slots for Doctors positions for all participating hospitals.

HMP = The hospital's Medicaid payments.

TMP = Total statewide Medicaid payments for all participating hospitals.

The annual allocation shall be calculated by multiplying the funds appropriated in the amount of $6,000,000 for SFY 2024-25 to the Slots for Docs – Behavioral Health Program in the General

Appropriations Act by that hospital's allocation fraction. If the calculation results in an annual allocation that exceeds two times the average per position amount for all hospitals, the hospital's annual allocation shall be reduced to a sum equaling no more than two times the average per position. The funds calculated for that hospital in excess of two times the average per position amount for all hospitals shall be redistributed to participating hospitals whose annual allocation does not exceed two times the average per position amount for all hospitals, using the same methodology and payment schedule specified in this section. This payment methodology ends as of June 30, 2027.

J. Primary Care Region B

Payments are made to fill GME full-time equivalents (FTE) as defined in section 409.909, Florida Statutes, and training in public hospitals in Medicaid Region B. The Payments are calculated utilizing each participating hospitals and qualifying institution's allocation fraction formula.

The following formula is used to calculate a participating hospital's allocation fraction:

HAF= [0.8 x (HFTE) + 0.2 x (HMID)] / [0.8 x (THFTE) + 0.2 x THMID)]

Where:

HAF=A hospital's allocation fraction.

HFTE=A hospital's total number of FTE residents.

HMID =A hospital's Inpatient Medicaid Days / The total Inpatient Days

THFTE= The total of the FTE residents for all participating hospitals.

TMID= The total Inpatient Medicaid Days for all participating hospitals / The total Inpatient Days for all participating hospitals

The annual allocation shall be calculated by multiplying the funds appropriated in the amount of $4,550,000 for SFY 2024-25 to the Primary Care Region B in the General Appropriations Act by that hospital's allocation fraction.

The Medicaid utilization percent shall be the sum of Medicaid inpatient days divided by total

Amendment: 2024-0008-A
Effective Date: 7/1/2024
Supersedes: NEW
Approval: September 14, 2026

inpatient days based on the most recently available Florida Hospital Uniform Reporting System data, and the FTEs shall be based on the most recently approved and distributed Statewide Medicaid Residency Program approved Graduate Medical Education FTEs. Payments shall be distributed based on the eligible hospital's allocation factor multiplied by the funds in this section. This payment methodology ends as of June 30, 2027.

E. Alternative Reimbursement Methods

1. Transplant Global Fee

A. Methods Used in Establishing Payment Rates

Reimbursement for globally paid transplants include adult (age 21 and over) heart, liver, lung, intestinal/multi-visceral, and pediatric (age 20 and under) lung and intestinal/multi-visceral transplant surgery services will be paid the actual billed charges up to a global maximum rate established by AHCA. These payments will be made to physicians and facilities that have met specified guidelines and are established as designated transplant centers as appointed by the Secretary of AHCA. The global maximum reimbursement for transplant surgery services is an all-