

## **Table of Contents**

**State/Territory Name: NE**

**State Plan Amendment (SPA) #: 24-0011**

This file contains the following documents in the order listed:

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



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**Financial Management Group**

January 13, 2025

Matthew Ahern, Interim Director  
Division of Medicaid and Long Term Care  
Nebraska Department of Health and Human Services  
301 Centennial Mall South  
Lincoln, NE 68509

RE: TN 24-0011

Dear Mr. Ahern:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Nebraska state plan amendment (SPA) to Attachment 4.19-A and 4.19-B, which was submitted to CMS on December 9, 2024. This plan amendment proposes to clarify the calculation of medical education payments.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 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 Social Security 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 October 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any questions, please contact Fredrick Sebree at [Fredrick.sebree@cms.hhs.gov](mailto:Fredrick.sebree@cms.hhs.gov).

Sincerely,



Rory Howe  
Director

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER 2 4 — 0 0 1	2. STATE N E
		3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="checkbox"/> XIX <input type="checkbox"/> XXI	
TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE October 1, 2024	
5. FEDERAL STATUTE/REGULATION CITATION 42 CFR § 438.60		6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY 2025 \$ 0 b. FFY 2026 \$ 0	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Supplement 1 to Att. 4.19-A, Pgs 1-3; Supplement 3 to Att. 4.19-B, Pgs 1 and 2; Att. 4.19-A, Pgs 7 and 8; Att. 4.19-A, Pg 11		8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Supplement 1 to Att. 4.19-A, Pgs 1-3; Supplement 3 to Att. 4.19-B, Pgs 1 and 2; Att. 4.19-A, Pgs 7-9 (Remove 9); Att. 4.19-A, Pg 11	
9. SUBJECT OF AMENDMENT Medical Education Payments			
10. GOVERNOR'S REVIEW (Check One) <input type="radio"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="radio"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="radio"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <input checked="" type="radio"/> OTHER, AS SPECIFIED: Governor has waived review			
11. SIGNATURE OF STATE AGENCY OFFICIAL 		15. RETURN TO Dawn Kastens Division of Medicaid & Long-Term Care Nebraska Department of Health and Human Services 301 Centennial Mall South Lincoln, NE 68509	
12. TYPED NAME Matthew Ahern			
13. TITLE Interim Director, Division of Medicaid & Long-Term Care			
14. DATE SUBMITTED December 9, 2024			
FOR CMS USE ONLY			
16. DATE RECEIVED 12/9/2024		17. DATE APPROVED January 13, 2025	
PLAN APPROVED - ONE COPY ATTACHED			
18. EFFECTIVE DATE OF APPROVED MATERIAL October 1, 2024		19. SIGNATURE OF APPROVING OFFICIAL 	
20. TYPED NAME OF APPROVING OFFICIAL Rory Howe		21. TITLE OF APPROVING OFFICIAL Director, FMG	
22. REMARKS  1/8/2025 - State authorized update to block 8 to remove page 9			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE: NEBRASKA

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**SUPPLEMENTAL INPATIENT GRADUATE MEDICAL EDUCATION PAYMENTS TO ELIGIBLE TEACHING HOSPITALS IN NEBRASKA**

Effective January 1, 2022, supplemental graduate medical education (GME) payments shall be made to eligible teaching hospitals using the methodologies described in this section. These supplemental GME payments are in recognition of the Medicaid managed care share of direct and indirect GME costs. GME supplemental payments help offset growing costs and allow for support and investment in future educational and clinical training activities of health professionals. GME funding will support gaps in access to physicians in rural areas, pediatric physicians, and pediatric medical specialists. The funding will support the additional recruitment, training, and retention of critical providers needed to provide optimal health care to children and adults in all regions of Nebraska. Payments shall be made by the Nebraska Department of Health and Human Services (DHHS) directly to eligible teaching hospitals and shall not be included in the actuarially sound capitation rates paid to Nebraska Medicaid managed care plans in accordance with provisions under 42 CFR 438.60, which permit Medicaid GME payments for managed care services to be made as direct payments to providers outside of managed care capitation rates. The annual computed direct and indirect GME payments will be paid to eligible teaching hospitals on an annual basis. The annual payments are considered final and shall not be reconciled.

A. Eligible Teaching Hospitals

A hospital in Nebraska reporting yes ("Y") to be a hospital involved in training residents in approved GME programs as required on their most recent Medicare Cost Report (Worksheet S-2, Part I, Line 56)

1. Eligible teaching hospitals affiliated with the University of Nebraska Medical Center (UNMC), The Nebraska Medical Center and Children's Hospital & Medical Center, shall be known as "Designated UNMC Affiliated Teaching hospitals."
2. All eligible teaching hospitals shall be known as "Other Eligible Teaching Hospitals."

B. Direct Graduate Medical Education Definitions

1. Direct Graduate Medical Education Cost is the sum of direct graduate medical education cost as reported on CMS form 2552, Hospital Cost Report; worksheet B, part I:
  - a. Column 21, Line 21
  - b. Column 22, Line 22
  - c. Column 25 Interns and Resident Post Stepdown Adjustments for Non-Reimbursable Costs reported by Children's Hospitals and other eligible teaching hospitals that are excluded from the Medicare Prospective Payment Systems under 42 CFR 412.23.

2. Medicaid Managed Care Patient Load is the ratio of Medicaid managed care inpatient days to total hospital inpatient days. This ratio is determined by the following: Medicaid Managed Care inpatient days as reported on CMS form 2552, Worksheet S-3, Part I, Column 7 Lines 2, 3, and 4 or Worksheet S-3, Part 1, Column 7 Line 14 is divided by the hospital's total inpatient days, as reported on Worksheet S-3, Part I, Column 8, Line 14, 16, and 32. Medicaid Managed Care inpatient days and total inpatient days include psychiatric and labor/delivery.
- C. Determining Supplemental Direct Graduate Medical Education Payments. The amount of direct GME payments for eligible teaching hospitals will be determined as follows:
1. The current year direct graduate medical education cost (B.) (1.) is multiplied by the Medicaid care patient load (B.) (2.).
  2. Subtract direct medical education (DME) payments made to the hospital for the applicable fiscal year.
  3. Designated UNMC Affiliated Teaching Hospitals shall receive a payment that is the product of 1.15 and subsection (C.)(2.) of this section.
  4. All Other Eligible Teaching Hospitals shall receive a payment that is the product of 0.40 and (C.)(2.) of this section.
  5. The eligible teaching hospitals only receive payments if the results in (C.) (2.) of this subsection is greater than zero.
- D. Indirect Graduate Medical Education Definitions
1. Residents - The number of full-time equivalent (FTE) interns and residents in approved training programs for an eligible hospital as reported on the most recent CMS Form 2552, Worksheet E, Part A, Column 1, Line 10 plus Worksheet E, Part A, Column 1, Line 11. For eligible hospitals excluded from the Medicare prospective payment systems under 42 CFR 412.23, the number of FTE interns and residents in approved training programs is the FTEs as reported on the most recent CMS Form 2552, Worksheet E-4, Column 1, Line 6.
  2. Beds - The total number of bed days available as reported on the most recent CMS Form 2552, Worksheet E, Part A, Column 1, Line. For eligible hospitals classified as excluded from the Medicare prospective payment systems under 42 CFR 412.23, beds days available is determined by dividing the number of bed days available from CMS Form 2552 Worksheet S-3, Part I, Column 2, Line 14.
- E. Methodology for Determining Indirect Graduate Medical Education Payments.
- The amount of indirect GME payments for eligible teaching hospitals is calculated using the hospital's ratio residents to beds and Medicaid payments as follows:

1. Calculate each hospital's indirect medical education percentage =  $2.27 \times ((1 + (\text{Residents}/\text{Beds}))^{0.405} - 1)$
2. Multiply the results computed in (E.) (1.) of this subsection by the hospital's Medicaid inpatient payments for hospital operating costs.
3. Subtract indirect medical education (IME) payments made to the hospital for the applicable fiscal year.
4. Designated UNMC Affiliated Teaching Hospitals shall receive a payment that is the product of (E.)(3.) and 1.15
5. All Other Eligible Teaching Hospitals shall receive a payment that is the product of (E.)(3.) and 0.40.
6. The eligible teaching hospitals only receive indirect graduate medical education payments if the results in (E.) (3.) is greater than zero.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE: NEBRASKA

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**SUPPLEMENTAL OUTPATIENT GRADUATE MEDICAL EDUCATION PAYMENTS TO  
ELIGIBLE TEACHING HOSPITALS IN NEBRASKA**

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Effective January 1, 2022, supplemental graduate medical education (GME) payments shall be made to eligible teaching hospitals using the methodologies described in this section. These supplemental GME payments are in recognition of the Medicaid managed care share of direct and indirect GME costs. GME supplemental payments help offset growing costs and allow for support and investment in future educational and clinical training activities of health professionals. GME funding will support gaps in access to physicians in rural areas, pediatric physicians, and pediatric medical specialists. The funding will support the additional recruitment, training, and retention of critical providers needed to provide optimal health care to children and adults in all regions of Nebraska. Payments shall be made by the Nebraska Department of Health and Human Services (DHHS) directly to eligible teaching hospitals and shall not be included in the actuarially sound capitation rates paid to Nebraska Medicaid managed care plans in accordance with provisions under 42 CFR 438.60, which permit Medicaid GME payments for managed care services to be made as direct payments to providers outside of managed care capitation rates. The annual computed direct and indirect GME payments will be paid to eligible teaching hospitals on an annual basis. The annual payments are considered final and shall not be reconciled.

A. Eligible Teaching Hospitals

A hospital in Nebraska reporting yes ("Y") to be a hospital involved in training residents in approved GME programs as required on their most recent Medicare Cost Report (Worksheet S-2, Part I, Line 56).

1. Eligible teaching hospitals affiliated with the University of Nebraska Medical Center (UNMC), The Nebraska Medical Center and Children's Hospital & Medical Center, shall be known as "Designated UNMC Affiliated Teaching hospitals."
2. All other eligible teaching hospitals shall be known as "Other Eligible Teaching Hospitals."

B. Direct Graduate Medical Education Definitions

1. Hospital's Annualized Medicaid Intern Resident Cost is the product of the following factors:
  - a. Annualized intern and resident costs obtained from Worksheet B Part I, Column 21 and 22 the sum of Lines 30-43, 50-76, 90-102, and 105-117.
  - b. A quotient of:
    - i. The numerator of which is the hospital's Medicaid days (Worksheet S-3 Part 1, Column 7, Lines 2-4, 14 and 16-18 and 32), and

- ii. The denominator of which is the hospital's total days (Worksheet S-3 Part I, Column 8, Lines 14 and 16-18).
- c. The quotient of:
  - i. The numerator of which is the hospital's total outpatient charges (Worksheet C, Part 1, Column 7, Line 202), and
  - ii. The denominator of which is the hospital's total charges (Worksheet C, Part 1, Column 8, Line 202).
- C. Determining Supplemental Direct Graduate Medical Education Payments. The amount of direct GME payments for eligible teaching hospitals will be determined as follows:
  - 1. Designated UNMC Affiliated Teaching Hospitals shall receive a payment that is the product of 1.15 and the sum of the Hospital's Annualized Medicaid Intern Resident Cost as calculated in subsection (B.)(1.) of this section.
  - 2. All Other Eligible Teaching Hospitals shall receive a payment that is the product of 0.40 and the sum of the Hospital's Annualized Medicaid Intern Resident Cost as calculated in subsection (B.)(1.) of this section.
- D. Indirect Graduate Medical Education Definitions
  - 1. Residents - The number of full-time equivalent (FTE) interns and residents in approved training programs for an eligible hospital as reported on the most recent CMS Form 2552, Worksheet E, Part A, Column 1, Line 10, plus Worksheet E, Part A, Column 1, Line 11. For eligible hospitals excluded from the Medicare prospective payment systems under 42 CFR 412.23, the number of FTE interns and residents in approved training programs is the FTEs as reported on the most recent CMS Form 2552, Worksheet E-4, Column 1, Line 6.
  - 2. Beds - The total number of bed days available as reported on the most recent CMS Form 2552, Worksheet E, Part A, Column 1, Line 4. For eligible hospitals classified as excluded from the Medicare prospective payment systems under 42 CFR 412.23, beds days available is determined by dividing the number of bed days available from CMS Form 2552 Worksheet S-3, Part I, Column 3, Line 14 by the number of days in the cost reporting period.
- E. Methodology for Determining Indirect Graduate Medical Education Payments.

The amount of indirect GME payments for eligible teaching hospitals is calculated using the hospital's ratio residents to beds and Medicaid payments as follows:

  - 1. Calculate each hospital's indirect medical education percentage  $= 2.27 \times ((1 + (\text{Residents}/\text{Beds}))^{0.405} - 1)$
  - 2. Multiply the results computed in (E.) (1.) of this subsection by the hospital's Medicaid outpatient payments.
  - 3. Designated UNMC Affiliated Teaching Hospitals shall receive a payment that is the product of (E.)(2.) and 1.15.
  - 4. All Other Eligible Teaching Hospitals shall receive a payment that is the product of (E.)(2.) and 0.40.



Calculation of Medical Education Costs

Calculation of Direct Medical Education Cost Payments:

Direct Medical Education (DME) payments effective October 1, 2009 are based on Nebraska hospital-specific DME payment rates effective during SFY 2007 with the following adjustments:

1. Estimate SFY 2007 DME payments for in-state teaching hospitals by applying SFY 2007 DME payment rates to SFY 2007 Nebraska Medicaid inpatient fee-for-service paid claims data. Include all APR-DRG discharges except psychiatric, rehabilitation and Medicaid Capitated Plans discharges.
2. Divide the estimated SFY 2007 DME payments for each hospital by each hospital's number of intern and resident FTEs effective in the Medicare system on October 1, 2006.
3. Multiply the SFY 2007 DME payment per intern and resident FTE by each hospital's number of intern and resident FTEs effective in the Medicare inpatient system on October 1, 2008.
4. Divide the DME payments adjusted for FTEs effective October 1, 2008 by each hospital's number of SFY 2007 claims.
5. Multiply the DME payment rates by the stable DRG budget neutrality factor.

Nebraska hospital-specific DME payment rates are described in state regulations.

On July 1st of each year, the Department will update DME payment rates by replacing each hospital's intern and resident FTEs effective in the Medicare inpatient system on October 1 of the year preceding the beginning of the Nebraska rate year.

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Transmittal # NE 24-0011  
Supersedes  
Transmittal # NE 14-002

Approved January 13, 2025  
Effective Date: October 1, 2024

Calculation of Indirect Medical Education (IME) Cost Payments:

Indirect medical education (IME) cost payments shall be made to eligible Nebraska teaching hospitals and are calculated by multiplying an IME Factor by the Operating Cost Payment amount.

To calculate annual IME Factor on July 1 of each year, the Department will extract from the CMS Web Pricer Inpatient Prospective Payment System (PPS) the hospital-specific intern-to-bed ratio effective October 1 of the year preceding the beginning of the Nebraska rate year. Hospitals excluded from the Medicare prospective payment system under 42 CFR § 412.23 will have a provider specific intern-to-bed ratio calculated using their Medicare cost report.

The intern-to-bed ratio is then utilized in the formula below to calculate the annual IME Factor:

$$[1 + (\text{Number of Interns and Residents/Available Beds})^{0.405} - 1] * 1.35$$

The IME Factor is not subject to Nebraska Legislative appropriations.

Calculation of MCO Medical Education Payments: The Department will calculate annual MCO direct medical education (DME) payments and MCO indirect medical education (IME) payments for services provided by capitated plans from discharge data provided by the plans.

1. MCO DME payments will be equal to the number of MCO discharges times the fee-for-service DME payment per discharge.
2. MCO IME payments will be equal to the fee-for-service IME operating factor multiplied by the MCO payments for hospital operating costs.

Transplant DRG Payments: Transplant discharges, identified as discharges that are classified to a transplant DRG, are paid a Transplant DRG CCR payment and, if applicable, a DME payment. Transplant DRG discharges do not receive separate Cost Outlier Payments, IME Cost Payments or Capital-Related Cost Payments.

Transplant DRG CCR Payments: are calculated by multiplying the hospital-specific Transplant DRG CCR by Medicaid allowed claim charges. Transplant DRG CCRs are calculated as follows:

1. Extract from the CMS Web Pricer Inpatient Prospective Payment System (PPS) for each hospital the Medicare inpatient prospective payment system operating and capital outlier CCRs effective October 1 of the year preceding the beginning of the Nebraska rate year. For rates effective October 1, 2009, the Department will extract the outlier CCRs in effect for the Medicare system on October 1, 2008.
2. Sum the operating and capital outlier CCRs.
3. Multiply the sum of the operating and capital outlier CCRs by the Transplant DRG budget neutrality factor.

On July 1 of each year, the Department will update the Transplant DRG CCRs based on the percentage change in Medicare outlier CCRs effective October 1 of the two previous years, before budget neutrality adjustments.

Effective July 1, 2022, the Transplant DRG CCRs will be increased by 2%.  
Effective July 1, 2023, the Transplant DRG CCRs will be increased by 3%.  
Effective July 1, 2024, the Transplant DRG CCRs will not be increased.

Transplant DRG DME Payments: Transplant DME cost payments are based on Nebraska hospital specific DME payment rates determined each State Fiscal Year. Each SFY Nebraska hospital specific Transplant DME payment rates shall be adjusted by a percentage. This percentage shall be determined by Nebraska Legislature appropriations. The Transplant DME payment rates are adjusted annually and shall be effective each July 1.