

Table of Contents

State/Territory Name: NE

State Plan Amendment (SPA) #: 25-0014

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



Financial Management Group

April 9, 2026

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

RE: Nebraska SPA 25-0014

Dear Mr. Gonshorowski:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 25-0014. This amendment updates Inpatient Provider Rates for SFY 2026.

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 447 Subpart C. We have found that the proposed reimbursement methodology complies with applicable requirements and therefore have approved them with an effective date of July 1, 2025. We are enclosing the CMS-179 and the amended approved plan pages. Additionally, a companion letter is included with this approval package. CMS identified issues with the indirect medical education rates that 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, which currently are being made under previously approved state plan authority. More details can be found in the attached companion letter.

If you have any questions, please contact Fredrick Sebree at Fredrick.sebree@cms.hhs.gov.

Sincerely,



Rory Howe
Director
Financial Management Group

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

April 9, 2026

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

RE: Nebraska SPA 25-0014

Dear Mr. Gonshorowski:

This letter is being sent as a companion to our approval of Nebraska Medicaid state plan amendment (SPA) 25-0014. During our review of this SPA, the Centers for Medicare & Medicaid Services (CMS) identified issues with graduate medical education costs payments. 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.

Nebraska SPA 25-0014 includes in their graduate medical education (GME) payments an indirect medical education (IME) multiplier of 2.27. The IME multiplier is set by congress at 1.35 for Medicare rates. And, to the extent the state were to receive federal financial participation in the GME 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. As a result, CMS is issuing this companion letter acknowledging that the state has agreed to a "sunset date" of July 1, 2027, to end the 2.27 IME multiplier, which is currently being used under previously approved state plan authority. The state will submit a SPA to utilize the 1.35 congressionally mandated IME multiplier. We are taking this approach instead of disapproving SPA 25-0014 to allow the state a limited but sufficient amount of time to wind down the graduate medical education payments that we cannot determine are consistent with economy and efficiency.

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 Fred Sebree via email at fredrick.sebree@cms.hhs.gov.

Sincerely,



Rory Howe
Director
Financial Management Group

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER 2 5 — 0 0 4	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 July 1, 2025
--------------------------------------------------------------------------------------------------------	--------------------------------------------

5. FEDERAL STATUTE/REGULATION CITATION 42 CFR 440 Subpart A, 42 CFR 447	6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY 2025 \$ 0 b. FFY 2026 \$ 0
----------------------------------------------------------------------------	---------------------------------------------------------------------------------------------

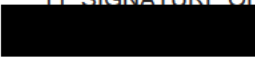
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Supplement 1 to Att. 4.19-A, Pgs 1-2; Att. 4.19-A, Pgs 11 and 30	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Supplement 1 to Att. 4.19-A, Pgs 1-2; Att. 4.19-A, Pgs 11 and 30
----------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------

9. SUBJECT OF AMENDMENT
State Fiscal Year 2026 Inpatient Hospital Rates


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:
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 Drew Gonshorowski	
13. TITLE Director, Division of Medicaid & Long-Term Care	
14. DATE SUBMITTED September 19, 2025	

FOR CMS USE ONLY	
16. DATE RECEIVED 9/19/2025	17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED	
18. EFFECTIVE DATE OF APPROVED MATERIAL 7/1/2025	19. SIGNATURE OF APPROVING OFFICIAL 
20. TYPED NAME OF APPROVING OFFICIAL Rory Howe	21. TITLE OF APPROVING OFFICIAL Director, FMG

22. REMARKS
3/23/2026 - State updated pages in blocks 7 and 8

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

**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) are Nebraska Medical Center and Children’s Nebraska, and 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 (Section: Non-reimbursable Cost Centers) reported by Children’s Hospitals and other eligible teaching hospitals that are excluded from the Medicare Prospective Payment Systems under 42 CFR 412.23.

TN: NE 25-0014

Supersedes TN: NE 24-0011

Approval Date: April 9, 2026

Effective Date: _7/1/2025_

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, 4, and 32 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, 17, and 32.
- 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, use 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:

TN: NE 25-0014

Supersedes TN: NE 24-0011

Approval Date: April 9, 2026

Effective Date: 7/1/2025

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 Direct Medical Education Payments: Transplant direct medical education cost payments are based on Nebraska hospital specific direct medical education payment rates determined each State Fiscal Year. Bone marrow transplant diagnosis related groups are excluded from the transplant direct medical education rate and are reimbursed under the specific hospital direct medical education rate. Each SFY Nebraska hospital specific Transplant direct medical education payment rates shall be adjusted by a percentage. This percentage shall be determined by Nebraska Legislature appropriations. The current Transplant direct medical education payment rates are effective July 1, 2025.

Transmittal # NE 25-0014
Supersedes
Transmittal # NE 24-0011

Approved April 9, 2026 Effective 7/1/2025

STATE: NEBRASKA

http://dhhs.ne.gov/medicaid/Pages/med_medindex.aspx

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

INPATIENT PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES (PRTFs) FOR INDIVIDUALS UNDER AGE 19 (cont.)

The PRTF reimbursement is for treatment, provided by and in the facility when it was found during the initial evaluation or subsequent reviews, to be treatment necessary to address a medical, psychological, social, behavioral or developmental aspect of the child’s care per 42 CFR 441.155 and address on the active treatment plan. The PRTF per diem includes all care found on the active treatment plan per the assessed needs at 42 CFR 441.155 except for physician, medically necessary services and/or supplies including dental, vision, diagnostic/radiology, prescribed medications, not otherwise included in the PRTF rate, which are reimbursed separately on a fee schedule set consistent with the methodology outlined in Attachment 4.19-B, Item 12. The PRTF reasonable activities are child specific and must be necessary for the health and maintenance of health of the child while he or she is a resident of the facility. The medically necessary care must constitute a need that contributes to the inpatient treatment of the child. The Physician activities in PRTFs will be reimbursed based on a fee schedule set consistent with the methodology outlined in Attachment 4.19-B, Item 5.

The PRTF treatment activities included in the per diem rates that must be provided by the facility are those activities that can reasonably be anticipated and placed on the active treatment plan according to the assessed needs of the child. The prospective per diem rate is considered payment in full for these Medicaid-eligible portions of the payment rate per 42 CFR 447.15, and may not be balance billed to the family or legal guardian.

PRTF Treatment Activities in Per Diem PRTF Fee Schedule Rates

Hospital Based PRTF	Free-Standing PRTF:
OT/PT/ST	OT/PT/ST
Laboratory	Laboratory
Transportation	Transportation

Except as otherwise noted in the plan, the state-developed fee schedule are the same for both governmental and private providers of inpatient psychiatric residential treatment facility services. The agency’s fee schedule rate was set as of July 1, 2025, and is effective for services provided on or after that date. All rates are published on the agency’s website at <http://dhhs.ne.gov/Pages/Medicaid-Provider-Rates-and-Fee-Schedules.aspx>. From the landing page, scroll down to the fee schedule for the specific program and year.

Transmittal # NE 25-0014
Supersedes
Transmittal # NE 23-0009

Approved April 9, 2026 Effective 7/1/2025