

## **Table of Contents**

**State/Territory Name: New York**

**State Plan Amendment (SPA) #: 20-0035**

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

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-14-28  
Baltimore, Maryland 21244-1850



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**Financial Management Group**

September 2, 2020

Donna Frescatore  
Medicaid Director  
NYS Department of Health  
One Commerce Plaza  
Suite 1211  
Albany, NY 12210

Reference: TN 20-0035

Dear Ms. Frescatore:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 20-0035. This amendment proposes to implement a 5% reduction to the inpatient hospital add-on for capital and to reduce the impact from reconciliations of capital to actuals.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1923 and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447.

This is to inform you that Medicaid State plan amendment 20-0035 is approved effective April 2, 2020. The CMS-179 and the amended plan pages are attached.

If you have any additional questions or need further assistance, please contact Charlene Holzbaur at 609-882-4796 or [Charlene.Holzbaur@cms.hhs.gov](mailto:Charlene.Holzbaur@cms.hhs.gov).

Sincerely,

A solid black rectangular box redacting the signature of the sender.

For  
Rory Howe  
Acting Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER _____	2. STATE
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE	

TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (*Check One*)

- NEW STATE PLAN       AMENDMENT TO BE CONSIDERED AS NEW PLAN       AMENDMENT

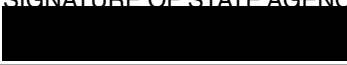
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION  XXXX (a)	7. FEDERAL BUDGET IMPACT a. FFY _____ \$ XXXXXXXXX (2,481.) b. FFY _____ \$ XXXXXXXXX (4,963.)
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> )

10. SUBJECT OF AMENDMENT

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. SIGNATURE OF STATE AGENCY OFFICIAL 	16. RETURN TO
13. TYPED NAME	
14. TITLE	
15. DATE SUBMITTED June 30, 2020	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED 6/30/2020	18. DATE APPROVED 9/2/20
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**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL 4/2/2020	20. SIGNATURE OF REGIONAL OFFICIAL 
21. TYPED NAME Rory Howe	22. TITLE Acting Director, FMG

23. REMARKS

State requested Pen and Ink change to Box 7 to revise FFY amounts. Amounts in thousands.  
State requested Pen and Ink change to Box 6 to 1902(a)

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5. *Payment for budgeted allocated capital costs.*

- a. Capital per diems for exempt units and hospitals [shall] will be calculated by dividing the budgeted capital costs allocated to such rates pursuant to paragraph (4) above by budgeted exempt unit days, reconciled to rate year days and actual rate year exempt unit or hospital-approved capital expense. Effective on or after April 2, 2020, the budgeted and actual capital per diem rates will be reduced by five percent (5%). Additionally, for capital per diem rates reconciled on or after April 2, 2020, if the difference between the budgeted and actual capital per diem rate results in a positive rate adjustment, that rate adjustment will be reduced by ten percent (10%). Conversely, if the difference between the budgeted and actual capital per diem rate results in a negative rate adjustment, that rate adjustment will be increased by ten percent (10%).
- b. Capital payments for APR-DRG case rates [shall] will be determined by dividing the budgeted capital allocated to such rates pursuant to paragraph (4) above by the hospital's budgeted, nonexempt unit discharges, reconciled to rate year discharges and actual rate year nonexempt unit or hospital-approved capital expense. Effective on or after April 2, 2020, the budgeted and actual capital per APR-DRG case rates will be reduced by five percent (5%). Additionally, for capital per APR-DRG case rates reconciled on or after April 2, 2020, if the difference between the budgeted and actual capital per APR-DRG case rate results in a positive rate adjustment, that rate adjustment will be reduced by ten percent (10%). Conversely, if the difference between the budgeted and actual capital per APR-DRG case rate results in a negative rate adjustment, that rate adjustment will be increased by ten percent (10%).
- c. Capital payments for transferred patients [shall] will be the determined by dividing the budgeted capital allocated to the APR-DRG case rate by the hospital's budgeted non-exempt unit days, reconciled to rate year days and actual rate year non-exempt unit or hospital approved capital expense.

6. *Depreciation.*

- a. Reported depreciation based on historical cost is recognized as a proper element of cost. Useful lives [shall] will be the higher of the reported useful life or those useful lives from the Estimated Useful Lives of Depreciable Hospital Assets, American Hospital Association, consistent with title XVIII provisions. Copies of this publication are available from the American Hospital Association, 840 North Lake Shore Drive, Chicago, IL 60611, and a copy is available for inspection and copying at the offices of the Records Access Officer of the Department of Health, Corning Tower, Empire State Plaza, Albany, NY 12237.
- b. In the computation of rates for voluntary facilities, depreciation [shall] will be included on a straight line method on plant and non-movable equipment.

**TN #20-0035** \_\_\_\_\_

**Approval Date** 9/2/20

**Supersedes TN #09-0034** \_\_\_\_\_

**Effective Date** April 2, 2020

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Depreciation on movable equipment may be computed on a straight line method, or accelerated under a double declining balance, or sum-of-the-years' digit method. Depreciation [shall] will be funded unless the Commissioner determines, upon application by the facility, and after inviting written comments from interested parties, that the requested waiver of the requirements for funding is a matter of public interest and necessity. In instances where funding is required, such fund may be used only for capital expenditures with approval as required for the amortization of capital indebtedness. Funding for plant and fixed equipment [shall] will mean that the transfer of monies to the funded accounts [shall] will occur by the end of the fiscal period in which the depreciation is recorded. Board-designated funds and the accrual of liabilities to the funded depreciation accounts (due to/from accounts) [shall] will not be recognized as funding of depreciation. Deposits to the funded depreciation accounts must remain in such accounts to be considered as valid funding transactions unless expended for the purpose for which it was funded. Failure to meet the funding requirements will result in a reduction amount reimbursed for depreciation equal to the unfunded amount.

- c. In the computation of rates for public facilities, depreciation is to be included on a straight-line method on plant and non-movable equipment. Depreciation on movable equipment may be computed on a straight-line method, or accelerated under a double declining balance or sum-of-the-years' digits method.
- d. Medical facilities financed by mortgage loans pursuant to the Nursing Home Companies Law or the Hospital Mortgage Loan Construction Law [shall] will conform to the requirements of this Subpart. In lieu of depreciation and interest, on the loan-financed portion of the facilities, the Commissioner [shall] will allow level debt service on the mortgage loan, for all loans approved for financing prior to January 1, 1990, together with such required fixed charges, sinking funds and reserves as may be determined by the Commissioner as necessary to assure repayment of the mortgage indebtedness. For loans approved for financing on or after January 1, 1990, medical facilities [shall] will receive reimbursement in the form of interest and depreciation in accordance with the remainder of this Attachment.

TN   #20-0035  

Supersedes TN   #09-0034  

Approval Date   9/2/20  

Effective Date   April 2, 2020