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State/Territory Name: New York

State Plan Amendment (SPA) #: 21-0018

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



Financial Management Group

December 8, 2021

Brett Friedman
Acting State Medicaid Director
New York State Department of Health
99 Washington Ave- One Commerce Plaza, Suite 1432
Albany, NY 12210

Reference: TN 21-0018

Dear Mr. Friedman:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 21-0018. Effective August 1, 2021, this amendment increases the case mix neutral psychiatric statewide per diem base price by 9.86 percent.

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 21-0018 is approved effective August 1, 2021. The CMS-179 and the amended plan pages are attached.

If you have any additional questions or need further assistance, please contact Novena James-Hailey at (617) 565-1291 or Novena.JamesHailey@cms.hhs.gov.

Sincerely,

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

Rory Howe
Director

Enclosures

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

1. TRANSMITTAL NUMBER

2 1 — 0 0 1 8

2. STATE

New York

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

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

4. PROPOSED EFFECTIVE DATE

August 1, 2021

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

a. FFY 8/1/2021-09/30/21 \$ 2,083.00

b. FFY 10/01/21-09/30/22 \$ 12,500.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment: 4.19-A: Page 117(d)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*)

Attachment: 4.19-A: Page 117(d)

10. SUBJECT OF AMENDMENT

Art. 28 Inpatient Psychiatric Fee-For-Service Per Diem Rate Adjustments
(FMAP=50%)

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

[Redacted Signature]

13. TYPED NAME

Brett Friedman

14. TITLE

Acting Medicaid Director, Department of Health

15. DATE SUBMITTED

September 30, 2021

16. RETURN TO

New York State Department of Health
Division of Finance and Rate Setting
99 Washington Ave – One Commerce Plaza
Suite 1432
Albany, NY 12210

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

September 30, 2021

18. DATE APPROVED

December 8, 2021

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

August 1, 2021

20. SIGNATURE OF REGIONAL OFFICIAL

[Redacted Signature]

21. TYPED NAME

Rory Howe

22. TITLE

Director, Financial Management Group

23. REMARKS

**New York
117(d)**

8. *Inpatient psychiatric services provided in general hospitals, or distinct units of general hospitals, specializing in such inpatient psychiatric services, for patients admitted on and after October 20, 2010, will be reimbursed on a per diem basis as follows:*
- a. Reimbursement will use the All Patient Refined Diagnostic Related Group (APR-DRG) patient classification system.
 - b. The operating component of the rate will be a statewide price, calculated utilizing 2005 Medicaid fee-for-service (FFS) inpatient costs developed using the ratio of cost to charges approach to determine costs and a regression model to price out various components of the costs to determine cost significance in such components. The components include patient age, rural designation, comorbidities, length of stay, and presence of mental retardation. The costs of these components as developed in the regression model were excluded in developing the statewide price.
 - i. The facility-specific old operating per diem rates were trended to 2010, and for each case, these rates were multiplied by the length of stay (LOS) to calculate the "old payment."
 - ii. Facility-specific 2005 Direct Graduate Medical Education (DGME) costs were divided by 2005 patient days to calculate DGME per diem rates. These rates were then trended to 2010.
 - iii. The 2010 payment rate for Electroconvulsive Therapy (ECT) was established as \$281 (based on the ECT rate in effect for Medicare psychiatric patients during the first half of 2010). This rate was then adjusted by each facility's wage equalization factor (WEF).
 - iv. For each case, the proper DGME payment (DGME rate multiplied by the LOS) and ECT payment (WEF-adjusted ECT rate times the number of ECT treatments) was subtracted from the "old payments" to derive the "old payments subject to risk adjustment."
 - v. For each case, a payment adjustment factor was derived based on the regression model, including the LOS adjustment factor as defined by the new payment methodology.
 - vi. The sum of the old payments subject to risk adjustment from step iv (\$502,341,057), was divided by the sum of payment adjustment factors from step v (\$831,319), which resulted in the statewide per diem rate of \$604.27 as of October 20, 2010.

The current statewide per diem rate of \$642.66 reflects the effect of restoring transition funds back into the statewide price pursuant to the Transition Fund Pool section of this Attachment. Effective October 1, 2018, the statewide price will be increased to \$676.21. Effective August 1, 2021, the statewide fee-for-service price will be increased to \$742.86.

TN #21-0018

Approval Date December 8, 2021

Supersedes TN #18-0066

Effective Date August 1, 2021