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State/Territory Name: New York

State Plan Amendment (SPA) #: NY-22-0050

This file contains the following documents in the order listed:

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

March 12, 2024

Amir Bassiri
State Medicaid Director
New York State Department of Health
99 Washington Ave
One Commerce Plaza, Suite 1432
Albany, NY 12210

RE: State Plan Amendment (SPA) NY-22-0050

Dear Director Bassiri:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State Plan submitted under transmittal number (TN) 22-0050. This State Plan Amendment creates an exception to the requirement to rebase and update the Service Intensity Weights (SIWs) no less frequently than every four years, so that the base year update subsequent to July 1, 2018, will be on or after January 1, 2024, but no later than January 1, 2027. The amendment also specifies that the base year update for rate setting for operating components subsequent to the update of July 1, 2018, will be on or after January 1, 2024, but no later than January 1, 2027.

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.

This is to inform you that Medicaid State Plan Amendment NY-22-0050 is approved effective April 1, 2022. The CMS-179 and the amended plan pages are attached.

If you have any questions or need further assistance, please contact James Francis at 857-357-6378 or via email at James.Francis@cms.hhs.gov.

Sincerely,

[redacted]

Rory Howe
Director

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: 22-0050

2. STATE: NY

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
April 1, 2022

5. FEDERAL STATUTE/REGULATION CITATION
§ 1902(a) of the Social Security Act and 42 CFR 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 04/01/22-09/30/22 $ 0
b. FFY 10/01/22-09/30/23 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-A Part I: Pages 103, 105(a)

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-A Part I: Pages 103, 105(a)

9. SUBJECT OF AMENDMENT
Rebasing Delay-IP Acute Rates and Weights

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
Amir Bassiri

13. TITLE
Acting Medicaid Director

14. DATE SUBMITTED
June 30, 2022

15. 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 CMS USE ONLY

16. DATE RECEIVED
June 30, 2022

17. DATE APPROVED
March 12, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
April 1, 2022

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

Instructions on Back

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1905(a)(1) Inpatient Hospital Services

Hospital Acute Inpatient Reimbursement – July 1, 2018

Definitions. As used in this Section, the following definitions will apply:

1. *Diagnosis related groups (DRGs)* will mean the 3M Corporation All-Patient-Refined (APR) classification system, which utilizes diagnostic related groups with assigned weights that incorporate differing levels of severity of a patient's condition and the associated risk of mortality, and reflects such factors as the patient's medical diagnosis, severity level, sex, age, and procedures performed.

2. *Acute Rate DRG case-based payment per discharge (herein after referred to as Acute Rate)* will mean the payment to be received by a hospital for inpatient services, except for physician services (unless allowed under paragraph 12(c) of this Section), rendered to each patient based on the DRG to which that patient has been assigned, as determined by multiplying the statewide base price by the applicable service intensity weight (SIW) and facility-specific wage equalization factor (WEF) and as further adjusted for teaching hospitals by the inclusion of reimbursement for direct and indirect graduate medical education (GME) costs and for all hospitals, the inclusion of non-comparable costs.

3. *Service intensity weights (SIWs)* are the cost weights established such that the SIW for any given DRG indicates the relative cost of the average cost of the patient in the DRG as compared to the average cost of all patients in all DRGs. Weights are developed using cost data from Medicaid fee-for-service, Medicaid managed care and commercial payors as reported to the Statewide Planning and Research Cooperative System (SPARCS) and will be updated no less frequently than every four years, with the exception that the SIWs updated subsequent to July 1, 2018 will be effective on or after January 1, 2024, but no later than January 1, 2027.

4. *Case mix index (CMI)* will mean the relative costliness of a hospital's case mix relative to the case mix of all other hospitals as reflected in the weighted aggregate SIW for the hospital.

   a. All payer CMI is developed using acute claims reported to the Statewide Planning and Research Cooperative System (SPARCS) which provides data for all payer sources.
   b. Medicaid fee-for-service CMI is developed based on Medicaid fee-for-service acute claims submission to New York State.
   c. Medicaid managed care CMI is developed based on Medicaid managed care acute claims submission to New York State.

5. *Reimbursable operating costs* will mean reported operating costs which relate to the cost of providing inpatient hospital services to Medicaid patients, trended for inflation between the base period, as defined in this Section, and the rate period in accordance with trend factors determined pursuant to the applicable provisions of this Attachment, but excluding the following costs:

   a. ALC costs;
   b. Exempt unit costs;
   c. Transfer costs; and
   d. High-cost outlier costs.

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105(a)

1905(a)(1) Inpatient Hospital Services

17. *Charge converter* will mean the ratio of cost to charges using total inpatient costs and total inpatient charges as reported by the hospital in its annual institutional cost reports submitted to the Department.

18. *IPRO* will mean the Island Peer Review Organization, Inc., a New York not-for-profit corporation providing health related services.

19. *Medicaid,* when used to describe the calculation of the Medicaid Acute Rate in this section, will mean Medicaid Fee-for-Service (FFS) and Medicaid Managed Care (MC). Acute rates are developed using the FFS claims data and the MC encounter data using the methodologies described in this Attachment.

20. *Base year* will mean the period as determined pursuant to the applicable provisions of this Attachment and applies to the DRG case-based payment per discharge, based on the following:

    a. For periods beginning on and after July 1, 2018, the base year will be the 2015 calendar year and the data and statistics will be the audited costs reported by each facility to the Department pursuant to the Financial and Statistical Data Required and Audits Sections.

    b. For hospitals with a fiscal filing period that is other than a calendar year, the 2015 base year will be the 12-month period which ended between June 30, 2015 and May 31, 2016.

    c. The base year used for rate-setting for operating cost components will be updated no less frequently than every four years, with the exception that the base year update subsequent to July 1, 2018 will be on or after January 1, 2024, but no later than January 1, 2027, and the new base period will be no more than four years prior to the first applicable rate period that utilizes such new base year provided.

21. *Divisor for add-ons to the acute rates per discharge*, as used in this Section, will mean the discharges used in the development of the add-ons pursuant to the Add-Ons to the Acute Rate Per Discharge Section of this Attachment.

    a. For the period beginning on and after July 1, 2018, the discharges used as the divisor will be the 2015 base year reported to the Department prior to April 25, 2017.

22. *The year discharges* will mean the latest calendar year utilized pursuant to the Service Intensity Weights (SIWs) and Average Length of Stay (ALOS) Section of this Section.

    a. For the period beginning on and after July 1, 2018, the latest calendar year will be 2014.

23. *Goal Seek* is the process of finding the correct input when only the output is known.

    a. Wikipedia definition states, "In computing, goal seeking is the ability to calculate backward to obtain an input that would result in a given output. This can also be called "what-if analysis" or "back-solving."