

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 22, 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 21-0029

Dear Mr. Friedman:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 21-0029. Effective October 1, 2021, this amendment proposes a five percent (5%) reduction on the capital component of the inpatient hospital reimbursement rate.

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 21-0029 is approved effective October 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,



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 2 9

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

October 01, 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(r)(5) of the Social Security Act, and 42 CFR 447

7. FEDERAL BUDGET IMPACT

a. FFY 10/01/21-09/30/22 \$ (3,834.34)

b. FFY 10/01/22-09/30/23 \$ (3,834.34)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A Part I Page: 123

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*)

Attachment 4.19-A Part I Page: 123

10. SUBJECT OF AMENDMENT

Capital Add-On Reduction Increase- IP
(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

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

13. TYPED NAME

Brett Friedman

14. TITLE

Acting Medicaid Director, Department of Health

15. DATE SUBMITTED

September 30, 2021

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

September 30, 2021

18. DATE APPROVED

December 22, 2021

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

October 1, 2021

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME

Rory Howe

22. TITLE Director, Financial Management Group

23. REMARKS

**New York
123**

5. *Payment for budgeted allocated capital costs.*
- a. Capital per diems for exempt units and hospitals 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%). Effective on or after October 1, 2021, the budgeted and actual capital per diem rates will be reduced by an additional five percent (5%), resulting in a ten percent (10%) reduction. 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 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%). Effective on or after October 1, 2021, the budgeted and actual capital per APR-DRG case rates will be reduced by an additional five percent (5%), resulting in a ten percent (10%) reduction. 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 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 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 will be included on a straight line method on plant and non-movable equipment.

TN #21-0029

Approval Date December 22, 2021

Supersedes TN #20-0035

Effective Date October 1, 2021