

**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**

December 18, 2024

Amir Bassiri  
State Medicaid/CHIP Director  
New York State Department of Health  
99 Washington Ave- One Commerce Plaza, Suite 1605  
Albany, NY 12237

RE: New York 22-0078

Dear Director Bassiri:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed New York state plan amendment (SPA) to Attachment 4.19-A NY-22-0078, which was submitted to CMS on September 30, 2022. This plan amendment makes several updates to the reimbursement method for psychiatric residential treatment facility (PRTF) services.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of July 1, 2022. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

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

Sincerely,



Rory Howe  
Director  
Financial Management Group

Enclosures

<p><b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b></p> <p><b>FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b></p>	<p>1. TRANSMITTAL NUMBER <u>2 2 — 0 0 7 8</u></p> <p>2. STATE <u>NY</u></p>
<p>TO: CENTER DIRECTOR CENTERS FOR MEDICAID &amp; CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES</p>	<p>3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI</p>
<p>5. FEDERAL STATUTE/REGULATION CITATION <u>1905(a)(16) Inpatient Psychiatric Hospital – PRTF / NY Mental Hygiene</u></p>	<p>4. PROPOSED EFFECTIVE DATE <u>July 01, 2022</u></p>
<p>7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <u>Attachments 4.19-A Part III Pages: 3, 3(a), 4, 4.1 ,3(b)</u></p>	<p>6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)</p> <p>a. FFY <u>07/01/22-09/30/22</u> \$ <del>1,875,000</del> <u>1,870,000.00</u></p> <p>b. FFY <u>10/01/22-09/30/23</u> \$ <del>7,500,000</del> <u>7,480,000.00</u></p> <p>8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) <u>Attachments 4.19-A Part III Pages: 3, 3(a), 4, 4.1</u></p>
<p>9. SUBJECT OF AMENDMENT</p>	

**PRTF Methodology Updates**

<p>10. GOVERNOR'S REVIEW (Check One)</p> <p><input checked="" type="radio"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <span style="margin-left: 200px;"><input type="radio"/> OTHER, AS SPECIFIED:</span></p> <p><input type="radio"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED</p> <p><input type="radio"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL</p>	
<p>11. SIGNATURE OF STATE AGENCY OFFICIAL </p>	<p>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</p>
<p>12. TYPED NAME <u>Amir Bassiri</u></p>	
<p>13. TITLE <u>Medicaid Director</u></p>	
<p>14. DATE SUBMITTED <u>September 30, 2022</u></p>	
<p><b>FOR CMS USE ONLY</b></p>	
<p>16. DATE RECEIVED <u>September 30, 2022</u></p>	<p>17. DATE APPROVED <u>December 18, 2024</u></p>
<p><b>PLAN APPROVED - ONE COPY ATTACHED</b></p>	
<p>18. EFFECTIVE DATE OF APPROVED MATERIAL <u>July 1, 2022</u></p>	<p>19. SIGNATURE OF APPROVING OFFICIAL </p>
<p>20. TYPED NAME OF APPROVING OFFICIAL <u>Rory Howe</u></p>	<p>21. TITLE OF APPROVING OFFICIAL <u>Director, Financial Management Group</u></p>
<p>22. REMARKS <u>The State authorizes the following pen and ink changes to the 179:</u></p> <p><u>Box 6. Federal Budget Impact</u></p> <p><u>a. FFY 07/01/22-09/30/22 \$ 1,870,000.00</u></p> <p><u>b. FFY 10/01/22-09/30/23 \$ 7,480,000.00</u></p> <p><u>Box 7. Page Number of the Plan Section or Attachment</u></p> <p><u>Page 4.19-A Part III Page: 3, 3(a),3(b), 4, 4.1</u></p> <p><u>Box 9 - Subject of Amendment</u></p> <p><u>PRTF Methodology Updates</u></p>	

## New York

3

**1905(a)(16) Inpatient Psychiatric Hospital – PRTF****B. PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES FOR CHILDREN AND YOUTH**

Medicaid rates for Psychiatric Residential Treatment Facilities for Children and Youth (“PRTFs”) are established prospectively, based upon actual costs and patient days as reported on cost reports for the fiscal year two years prior to the rate year. The PRTF fiscal year and rate year are for the twelve months July 1 through June 30. Alternate Cost Reports will be utilized to align with appealed rate periods until such time that the appealed information would be fully reflected in the facilities annual cost report. Actual patient days are subject to a maximum utilization of 96 percent and a minimum utilization of 90 percent. The minimum utilization requirements will be waived by the Commissioner of the Office of Mental Health (OMH) if provider visit volume falls below 90% due to public health, natural, or environmental emergencies, or in the case of suspended admissions resulting from an inability to maintain required operational standards. Such reduction in minimum utilization requirements will not be less than 50%.

**1. OPERATING COSTS**

Allowable operating costs are subject to the review and approval of the OMH and effective on or after July 1, 2022, will exclude eligible medically necessary early and periodic screening, diagnostic and treatment (EPSDT) services that are not otherwise included in the PRTF rate when those services are reflected in the youth’s plan of care. EPSDT services not provided by the PRTF will be reimbursed directly to the provider of service using the Fee-for-Service Program for Institutional or Non-Institutional payment methods authorized under attachments 4-19-A and 4.19-B of the State Plan and administered by the New York Department of Health commencing on the date the child is determined to be Medicaid eligible. The cost of those EPSDT services provided to the child before the determination of Medicaid eligibility will be the responsibility of the PRTF and considered an allowable cost in the development of the provider’s reimbursement rate for Medicaid PRTF stays. The EPSDT services that are not included in the PRTF rate after Medicaid eligibility is determined, include but are not limited to:

- (i) Specialty physician and physician’s assistant nursing services,
- (ii) Specialty services of Nurse Practitioners,
- (iii) Dental services,
- (iv) Eye and low vision services,
- (v) Audiology services,
- (vi) Laboratory and radiology services,
- (vii) Physical therapy services,
- (viii) Durable medical equipment,
- (ix) Prosthetics and orthotics,
- (x) Prescription and physician ordered non-prescription drugs and medical supplies,
- (xi) Inpatient hospital care,
- (xii) Outpatient hospital care,
- (xiii) Emergency room visits,
- (xiv) Urgent Care Center visits,
- (xv) Family planning and reproductive health care services and supplies,
- (xvi) Neuropsychological testing/evaluation services, and
- (xvii) Ambulance transportation services (emergency and non-emergency).

TN #22-0078 \_\_\_\_\_

Approval Date December 18, 2024

Supersedes TN #20-0062 \_\_\_\_\_

Effective Date July 1, 2022

New York  
3(a)

**1905(a)(16) Inpatient Psychiatric Hospital – PRTF**

In determining the allowability of costs, the OMH reviews the categories of cost, described below, with consideration given to the special needs of the patient population to be served by the PRTF. The categories of costs include:

- (i) Clinical/Direct Care (C/DC). This category of costs includes salaries and fringe benefits for clinical and direct care staff.
- (ii) Administration, Maintenance and Supports (AMS). This category of costs includes the costs associated with administration, maintenance and child support.
- (iii) Purchased Health Services (PHS). This category of costs includes clinical services such as MD on call and response, purchased on a contractual basis and not subject to the clinical standard if the services are not uniformly provided by all PRTFs and thus not considered by the Commissioner in the establishment of the approved staffing levels.

Allowable per diem operating costs in the category of C/DC are limited to the lesser of the reported costs or the amount derived from the number of clinical staff approved by the Commissioner multiplied by a standard salary and fringe benefit amount.

Allowable per diem operating costs in the category of AMS are limited to the lesser of the reported costs or a standard amount.

The standard amounts for the C/DC and AMS categories are computed as follows. For PRTFs located in the New York City metropolitan statistical area and Nassau and Suffolk counties the standard is: the sum of 50 percent of the provider costs, 25 percent of the average per diem cost for all PRTFs in this geographic area and 25 percent of the average per diem cost for all PRTFs in the state; increased by seven and one half percent. For PRTFs located outside the New York City metropolitan statistical area and Nassau and Suffolk counties the standard is: the sum of 50 percent of the provider costs, 25 percent of the average per diem cost for all PRTFs located outside the New York City metropolitan statistical area and Nassau and Suffolk Counties and 25 percent of the average per diem cost for all PRTFs in the state; increased by seven and one half percent. For facilities with inadequate cost experience, provider costs will be based on alternative cost reports or satisfactory cost projections, trended to the statewide base period.

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New York  
3(b)

1905(a)(16) Inpatient Psychiatric Hospital – PRTF

On or after July 1, 2022, The State will increase the rates of payment to include necessary costs for additional staff to meet updated programmatic needs and standards, as approved by the OMH, which are not included in the historical cost reports utilized to develop the rates. The new costs to support additional staff, include the following:

- 5% increase to all provider-specific approved C/DC FTE levels for all PRTFs
- For PRTFs that have not had a staff plan increase or review since 7/1/2020, an additional 26% increase to all provider-specific approved FTE levels
- Addition of 1.0 FTE “Permanency/Family Connections Specialist” per PRTF
- Addition of 1.0 FTE “Intake Specialist” per PRTF
- Doubling of PRTF Transition Coordinator staff by decreasing the staff: client ratio from 1:12 to 1:6

Cost adjustments for prospective staff will be based on OMH approved staffing plans and applicable C/DC standard amounts calculated as described above on page 3(a). The C/DC standard amounts will be trended as described in this section to the appropriate period and added to the applicable cost basis until the Department of Health has determined costs associated with the additional staff are reflected in the cost reports used for rate setting.

On or after July 1, 2022, a length of stay (LOS) adjustment will be applied to the operating component of the rate. The LOS adjustment will be a percentage adjustment to the operating component of the rate determined by the duration of an individual recipient’s care episode in accordance with the below chart:

Duration of Individual Recipient’s Care Episode:	Percentage Adjustment to Operating Component:
Days 1 – 28	109%
Days 29 – 365	100%
Days 366+	90%

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Effective Date July 1, 2022

New York

4

**1905(a)(16) Inpatient Psychiatric Hospital – PRTF**

Allowable operating costs as determined in the preceding paragraphs will be trended by the Medicare inflation factor.

Effective July 01, 2021 through March 31, 2022, operating rates of payment will be increased for a Cost-of-Living Adjustment (COLA), calculated to support a one percent (1.0%) annual aggregate payment to be paid out over the 9 month period between July 1, 2021 and March 31, 2022, and a one percent (1%) annual increase to be paid out over 12 months in subsequent years until such time as the COLA increase is reflected in the base period cost reports.

Effective on or after February 1, 2022, the C/DC rate component will be adjusted to include a twenty-five percent (25%) increase to include additional funds, not included in the base year, appropriate to maintain the required level of care. This increase will be included until such a time as the increase is reflected in the base period cost reports.

Effective April 01, 2022, through March 31, 2023, operating rates of payment will be increased for a Cost-of-Living Adjustment (COLA) to support a five-point four percent (5.4%) increase until such time as the COLA increase is reflected in the base period cost reports.

Effective on or after July 01, 2022, operating rates of payment for all providers will receive an eight percent (8.0%) increase. This increase will be included until such a time when the Department of Health has determined costs associated with the increase are reflected in the cost reports used for rate setting.

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New York  
4.1

**1905(a)(16) Inpatient Psychiatric Hospital – PRTF (Continued)**

**2. CAPITAL COSTS**

To allowable operating costs are added allowable capital costs. Allowable capital costs are determined by the application of principles developed for determining reasonable cost payments under the Medicare program. Allowable capital costs include an allowance for depreciation and interest. To be allowable, capital expenditures which are subject to the Office of Mental Health’s Prior Approval Review (PAR) procedures must be reviewed and approved by the Office of Mental Health. On or after July 01, 2022, the capital component of the rates will be adjusted once annually to account for actual billing over the rate period to compensate for the variation between allowable capital for the period and capital reimbursement actually received.

**Transfer of Ownership**

In establishing an appropriate allowance for depreciation and for interest on capital indebtedness and (if applicable) a return on equity capital with respect to an asset of a hospital which has undergone a change of ownership, that the valuation of the asset after such change of ownership will be the lesser of the allowable acquisition cost of such asset to the owner of record as of July 18, 1984 (or, in the case of an asset not in existence as of such date, the first owner of record of the asset after such date), or the acquisition cost of such asset to the new owner.

**3. APPEALS**

The Commissioner will consider requests for rate revisions which are based on errors in the calculation of the rate or based on significant changes in costs resulting from changes in:

- Capital projects approved by the Commissioner in connection with OMH’s PAR procedures.
- OMH approved changes in staffing plans submitted to DOH in a form as determined by the DOH.
- OMH approved changes in capacity approved by the Commissioner in connect with OMH’s PAR procedures;
- Other rate revisions will be based on requirements to meet accreditation standards of the Joint Commission on Accreditation of Hospitals, or other Federal or State mandated requirements resulting in increased costs.

Revised rates will utilize existing facility cost reports, adjusted as necessary. The rates of payment will be subject to total allowable costs, total allowable days, staffing standards as approved by the Commissioner, and a limitation on operating expenses as determined by the Commissioner. These rates must be certified by the Commissioners of OMH and DOH and approved by the Director of the Budget.

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