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State/Territory Name: New York

State Plan Amendment (SPA) #: NY-22-0047

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

January 7, 2025

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

RE: TN NY-22-0047

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-22-0047, which was submitted to CMS on June 28, 2022. The purpose of this SPA is to adjust inpatient psychiatric fee-for-service per diem rates of reimbursement for distinct exempt units specializing in inpatient psychiatric services in Article 28 hospitals by increasing the case mix neutral psychiatric statewide per diem base price from \$742.86 to \$950.43.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 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 April 1, 2022. We are enclosing the approved CMS-179 and a copy of the new state plan page.

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

Sincerely,



Rory Howe
Director
Financial Management Group

Enclosures

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

| | |
|---|-----------------------|
| 1. TRANSMITTAL NUMBER <u>2 2 — 0 0 4 7</u> | 2. STATE <u>NY</u> |
| 3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> 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 1905(a)(1) Inpatient Hospital Services
~~§ 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 \$ 13,750,000
b FFY 10/01/22-09/30/23 \$ 27,500,000

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A Part I Page: 117(d)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 4.19-A Part I: Page 117(d)

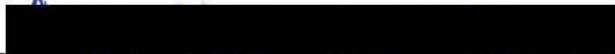
9. SUBJECT OF AMENDMENT

Increase of IP28 Psych Beds Reimbursement Rate (FMAP=50%)

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


12. TYPE NAME
Amir Bassiri

13. TITLE
Acting Medicaid Director

14. DATE SUBMITTED
June 28, 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

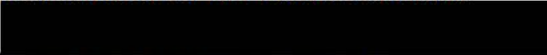
FOR CMS USE ONLY

16. DATE RECEIVED
June 28, 2022

17. DATE APPROVED
January 7, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
April 1, 2022

19. SIGNATURE OF APPROVING OFFICIAL


20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, Financial Management Group

22. REMARKS The State authorizes the following pen and ink changes to the 175:

Box 5. Federal Statute/Regulation Citation
1905(a)(1) Inpatient Hospital Services

**New York
117(d)**

1905(a)(1) Inpatient Hospital Services

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. Effective April 1, 2022, the statewide fee-for service price will be increased to \$950.43.

TN #22-0047

Approval Date January 7, 2025

Supersedes TN #21-0018

Effective Date April 1, 2022