



September 30, 2021

Todd McMillion  
Director  
Department of Health and Human Services  
Centers for Medicare and Medicaid Services  
233 North Michigan Ave, Suite 600  
Chicago, IL 60601

Re: SPA #21-0045  
Inpatient Hospital Services

Dear Mr. McMillion:

The State requests approval of the enclosed amendment #21-0045 to the Title XIX (Medicaid) State Plan for inpatient hospital services to be effective July 1, 2021 (Appendix I). This amendment is being submitted based upon enacted legislation. A summary of the proposed amendment is contained in Appendix II.

This amendment is submitted pursuant to §1902(a) of the Social Security Act (42 USC 1396a(a)) and Title 42 of the Code of Federal Regulations (CFR), Part 447, Subpart C.

Notice of the changes in the methods and standards for setting payment rates for general hospital inpatient services were given in the [New York State Register](#) on June 30, 2021.

A copy of pertinent sections of enacted legislation is enclosed for your information (Appendix III). In addition, responses to the five standard funding questions are also enclosed (Appendix V).

If you have any questions regarding this State Plan Amendment submission, please do not hesitate to contact Regina Deyette, Medicaid State Plan Coordinator, Division of Finance and Rate Setting, Office of Health Insurance Programs at (518) 473-3658.

Sincerely,

Brett Friedman  
Acting Medicaid Director  
Office of Health Insurance Programs

Enclosures  
cc: Todd McMillion

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

1. TRANSMITTAL NUMBER

2 1 — 0 0 4 5

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

July 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

42 CFR § 447.272(a)

7. FEDERAL BUDGET IMPACT

a. FFY 07/01/21-09/30/21 \$ 271.56  
b. FFY 10/01/21-09/30/22 \$ 543.13

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A Part III Page: 4  
Attachment 4.19-A Part VII Page: 2(e)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*)

Attachment 4.19-A Part III Page: 4  
Attachment 4.19-A Part VII Page: 2(e)

10. SUBJECT OF AMENDMENT  
Inpatient 2021 1% COLA  
(FMAP=50%)

11. 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

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

18. DATE APPROVED

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME

22. TITLE

23. REMARKS

**Appendix I**  
**2021 Title XIX State Plan**  
**Third Quarter Amendment**  
**Amended SPA Pages**



**New York  
2(e)**

- (ii) April 1, 2018, Increase: In addition to the compensation funding effective January 1, 2018, providers will receive a compensation increase targeted to direct care, support and clinical employees. The compensation increase funding will include associated fringe benefits. The April 1, 2018, direct care and support employee compensation funding will be applied after the January 1, 2018 increase is applied for a compounded compensation increase. The compensation increase funding will be included in the provider's rate issued for April 1, 2018, or in a subsequent rate with the inclusion of funding in the amount necessary to achieve the same funding impact.
  - (iii) No trend factor adjustments are currently included in the rate calculation.
  - (iv) Effective July 1, 2021 through March 31, 2022, operating rates of payment will be increased for a Cost of Living Adjustment (COLA), calculated as the funding necessary to support a one percent (1.0%) annual aggregate payment increase.
- (b) The allowable capital costs used in the provider rate development will be based on paragraphs (2)(b)(ii)(1)(a) and a capital schedule developed to provide supporting documentation of the capital rate development.
- (i) OPWDD regulations under 14 NYCRR Subpart 635-6, as in effect on January 1, 2018, establish standards and criteria that describes the capital acquisition and lease of real property assets which require approval by OPWDD. Any adjustments to the provider's property schedule developed in paragraph (2)(b)(ii)(2)(b) will require a prior property approval (PPA) completed by OPWDD.
  - (ii) A property cost verification (PCV) will be performed to reconcile the costs submitted on a PPA by requiring the provider to submit to NYS supporting documentation of actual costs. Actual costs will be verified by the Department within NYS that is reviewing the supporting documentation of such costs. A provider submitting such actual costs will certify that the reimbursement requested reflects allowable capital costs and that such costs were actually expended by the provider. Under no circumstances will the amount included in the rate under this subparagraph exceed the amount authorized in the PPA process. A PCV will be performed on all PPAs prior to any capital costs being included in reimbursement rates.
  - (iii) Capital rates will be reviewed and adjusted for PCVs twice a year. The effective date of the rate adjustments will be on the January 1 or July 1 date that is subsequent to the PCV date, however, the adjustment will incorporate the capital change from the initial effective date of the capital change. This update may require NYS to annualize the PPA, which could include more than twelve months of costs in the first year.

**TN #21-0045** \_\_\_\_\_ **Approval Date** \_\_\_\_\_

**Supersedes TN #18-0012** \_\_\_\_\_ **Effective Date** July 1, 2021

**Appendix II**  
**2021 Title XIX State Plan**  
**Third Quarter Amendment**  
**Summary**

**SUMMARY**  
**SPA #21-0045**

This State Plan Amendment proposes an across the board adjustment of a 1% Cost of Living Adjustment (COLA) per the enacted 2022 Budget to the following institutional services, Residential Treatment Facility (RTF) and Specialty Hospitals.

**Appendix III**  
**2021 Title XIX State Plan**  
**Third Quarter Amendment**  
**Authorizing Provisions**



Chapter 59 of the Laws of 2021

## PART FFF

43 Section 1. Subdivisions 3-b and 3-c of section 1 of part C of chapter  
 44 57 of the laws of 2006, relating to establishing a cost of living  
 45 adjustment for designated human services programs, as amended by section  
 46 1 of part Y of chapter 57 of the laws of 2019, are amended to read as  
 47 follows:

48 3-b. Notwithstanding any inconsistent provision of law, beginning  
 49 April 1, 2009 and ending March 31, 2016 and beginning April 1, 2017 and  
 50 ending March 31, [~~2020~~] 2021, the commissioners shall not include a COLA  
 51 for the purpose of establishing rates of payments, contracts or any  
 52 other form of reimbursement, provided that the commissioners of the  
 53 office for people with developmental disabilities, the office of mental  
 54 health, and the office of [~~alcoholism and substance abuse services~~]  
 S. 2509--C 138 A. 3009--C

1 addiction services and supports shall not include a COLA beginning April  
 2 1, 2017 and ending March 31, 2021.

3 3-c. Notwithstanding any inconsistent provision of law, beginning  
 4 April 1, [~~2020~~] 2021 and [~~ending March 31, 2023~~] ending March 31, 2022,  
 5 the commissioners shall develop the COLA under this section using the  
 6 actual U.S. consumer price index for all urban consumers (CPI-U)  
 7 published by the United States department of labor, bureau of labor  
 8 statistics for the twelve month period ending in July of the budget year  
 9 prior to such state fiscal year, for the purpose of establishing rates  
 10 of payments, contracts or any other form of reimbursement.

11 § 2. Section 1 of part C of chapter 57 of the laws of 2006, relating  
 12 to establishing a cost of living adjustment for designated human  
 13 services programs, is amended by adding a new subdivision 3-g to read as  
 14 follows:

15 3-g. Notwithstanding any other provision of law to the contrary, and  
 16 subject to available appropriations therefore, for all eligible programs  
 17 as determined pursuant to subdivision four of this section, the commis-  
 18 sioners shall provide funding to support a one percent (1.0%) cost of  
 19 living adjustment, as determined pursuant to subdivision three-c of this  
 20 section, beginning April 1, 2021 and ending March 31, 2022.

21 § 3. Section 4 of part C of chapter 57 of the laws of 2006, relating  
 22 to establishing a cost of living adjustment for designated human  
 23 services programs, as amended by section 1 of part I of chapter 60 of  
 24 the laws of 2014, is amended to read as follows:

25 § 4. This act shall take effect immediately and shall be deemed to  
 26 have been in full force and effect on and after April 1, 2006; provided  
 27 section one of this act shall expire and be deemed repealed April 1,  
 28 [~~2019~~] 2022; provided, further, that sections two and three of this act  
 29 shall expire and be deemed repealed December 31, 2009.

30 § 4. This act shall take effect immediately and shall be deemed to  
31 have been in full force and effect on and after April 1, 2019; provided,  
32 however, that the amendments to section 1 of part C of chapter 57 of the  
33 laws of 2006, relating to establishing a cost of living adjustment for  
34 designated human services programs made by sections one and two of this  
35 act shall not affect the repeal of such section and shall be deemed  
36 repealed therewith.

**Appendix IV  
2021 Title XIX State Plan  
Third Quarter Amendment  
Public Notice**

New York County  
250 Church Street  
New York, New York 10018

Queens County, Queens Center  
3220 Northern Boulevard  
Long Island City, New York 11101

Kings County, Fulton Center  
114 Willoughby Street  
Brooklyn, New York 11201

Bronx County, Tremont Center  
1916 Monterey Avenue  
Bronx, New York 10457

Richmond County, Richmond Center  
95 Central Avenue, St. George  
Staten Island, New York 10301

*For further information and to review and comment, please contact:*  
Department of Health, Division of Finance and Rate Setting, 99  
Washington Ave., One Commerce Plaza, Suite 1432, Albany, NY  
12210, spa\_inquiries@health.ny.gov

## PUBLIC NOTICE

Department of Health

Pursuant to 42 CFR Section 447.205, the Department of Health hereby gives public notice of the following:

The Department of Health proposes to amend the Title XIX (Medicaid) State Plan for all services to comply with enacted statutory provisions. The following changes are proposed:

### All Services

Effective on or after July 1, 2021, the Department of Health will adjust rates statewide to reflect a one percent Cost of Living Adjustment for the following Office of Mental Health (OMH) and Office for People With Developmental Disabilities (OPWDD) services: OMH Licensed Mental Health Outpatient Hospital, Freestanding Clinic and Other Rehabilitative Services, Residential Treatment Facilities for Children and Youth, Intermediate Care Facility (ICF/IDD), Day Treatment, Article 16 Clinic services, Specialty Hospital, and Independent Practitioner Services for Individual with Developmental Disabilities (IPSIDD).

The estimated annual net aggregate increase in gross Medicaid expenditures attributable to the July 1, 2021 one percent Cost of Living Adjustment contained in the budget for State Fiscal Year 2022 is \$16.4 million.

### Long Term Care Services

Effective on or after July 1, 2021, a demonstration program for young adults with medical fragility shall be established.

The young adult demonstration will certify two young adult facilities for the purpose of improving the quality of care for young adults with medical fragility. These facilities shall support the continuing needs for youth with medical fragility residing in pediatric facilities as they age beyond 21 years old, pending the establishment of a young adult unit. The State intends to utilize its current pediatric nursing home reimbursement rates for those patients between the ages of 18 and 35 years old in the newly certified young adult facility.

The estimated annual net aggregate increase in gross Medicaid expenditures attributable to the establishment of a young adult program contained in the budget for state fiscal year 2021/2022 is \$17.5 million.

The public is invited to review and comment on this proposed State Plan Amendment, a copy of which will be available for public review on the Department's website at [http://www.health.ny.gov/regulations/state\\_plans/status](http://www.health.ny.gov/regulations/state_plans/status). Individuals without Internet access may view the State Plan Amendments at any local (county) social services district.

For the New York City district, copies will be available at the following places:

New York County  
250 Church Street  
New York, New York 10018

Queens County, Queens Center  
3220 Northern Boulevard  
Long Island City, New York 11101

Kings County, Fulton Center  
114 Willoughby Street  
Brooklyn, New York 11201

Bronx County, Tremont Center  
1916 Monterey Avenue  
Bronx, New York 10457

Richmond County, Richmond Center  
95 Central Avenue, St. George  
Staten Island, New York 10301

*For further information and to review and comment, please contact:*  
Department of Health, Division of Finance and Rate Setting, 99  
Washington Ave., One Commerce Plaza, Suite 1432, Albany, NY  
12210, spa\_inquiries@health.ny.gov

## PUBLIC NOTICE

Department of State

F-2021-0161

Date of Issuance – June 31, 2021

The New York State Department of State (DOS) is required by Federal regulations to provide timely public notice for the activities described below, which are subject to the consistency provisions of the Federal Coastal Zone Management Act of 1972, as amended.

The applicant has certified that the proposed activity complies with and will be conducted in a manner consistent with the approved New York State Coastal Management Program. The applicant's consistency certification and accompanying public information and data are available for inspection on the New York State Department of State's website at: <https://dos.ny.gov/system/files/documents/2021/06/f-2021-0161.pdf>

In F-2021-0161, or the "Pultneyville Yacht Club Jetty Construction", the applicant – Pultneyville Yacht Club proposes to place large (4-5 ton) limestone rocks to restore jetty structure, resulting in an approximate height of 251 feet, 12 feet of width at top, and a 1:2 slope on the north side of the E-W structure that suffers from wave and ice damage. The planned work will not exceed either width or length of the structure. Existing degraded jetty is about 200' long.

The purpose of the proposed work is "repair and reinforce the existing jetty as required by sustained Lake Ontario high water levels and seasonal ice damage". The proposed project is located at 7852 Hamilton Street Extension in the Town of Williamson, Wayne County on Lake Ontario.

Any interested parties and/or agencies desiring to express their views concerning the above proposed activities may do so by filing their comments, in writing, no later than 4:30 p.m., 15 days from the date of publication of this notice, or, July 15, 2021.

*Comments should be addressed to:* Consistency Review Unit, Department of State, Planning, Development and Community Infrastructure, One Commerce Plaza, 99 Washington Ave., Albany, NY 12231, (518) 474-6000, Fax (518) 473-2464. Electronic submissions can be made by email at: CR@dos.ny.gov

This notice is promulgated in accordance with Title 15, Code of Federal Regulations, Part 930.

**Appendix V**  
**2021 Title XIX State Plan**  
**Third Quarter Amendment**  
**Responses to Standard Funding Questions**

**APPENDIX V  
HOSPITAL SERVICES  
State Plan Amendment #21-0045**

**CMS Standard Funding Questions (NIRT Standard Funding Questions)**

**The following questions are being asked and should be answered in relation to all payments made to all providers under Attachment 4.19-A of the state plan.**

**1. Section 1903(a)(1) provides that Federal matching funds are only available for expenditures made by States for services under the approved State plan. Do providers receive and retain the total Medicaid expenditures claimed by the State (includes normal per diem, supplemental, enhanced payments, other) or is any portion of the payments returned to the State, local governmental entity, or any other intermediary organization? If providers are required to return any portion of payments, please provide a full description of the repayment process. Include in your response a full description of the methodology for the return of any of the amount or percentage of payments that are returned and the disposition and use of the funds once they are returned to the State (i.e., general fund, medical services account, etc.)**

**Response:** Providers do retain the payments made pursuant to this amendment. However, this requirement in no way prohibits the public provider, including county providers, from reimbursing the sponsoring local government for appropriate expenses incurred by the local government on behalf of the public provider. The State does not regulate the financial relationships that exist between public health care providers and their sponsoring governments, which are extremely varied and complex. Local governments may provide direct and/or indirect monetary subsidies to their public providers to cover on-going unreimbursed operational expenses and assure achievement of their mission as primary safety net providers. Examples of appropriate expenses may include payments to the local government which include reimbursement for debt service paid on a provider's behalf, reimbursement for Medicare Part B premiums paid for a provider's retirees, reimbursement for contractually required health benefit fund payments made on a provider's behalf, and payment for overhead expenses as allocated per federal Office of Management and Budget Circular 2 CFR 200 regarding Cost Principles for State, Local, and Indian Tribal Governments. The existence of such transfers should in no way negate the legitimacy of these facilities' Medicaid payments or result in reduced Medicaid federal financial participation for the State. This position was further supported by CMS in review and approval of SPA 07-07C when an on-site audit of these transactions for New York City's Health and Hospitals Corporation was completed with satisfactory results.

**2. Section 1902(a)(2) provides that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan. Please describe how the state share of each type of Medicaid payment (normal per diem, supplemental, enhanced, other) is funded. Please describe whether the state share is from appropriations from the legislature to the Medicaid agency, through**

**intergovernmental transfer agreements (IGTs), certified public expenditures (CPEs), provider taxes, or any other mechanism used by the state to provide state share. Note that, if the appropriation is not to the Medicaid agency, the source of the state share would necessarily be derived through either an IGT or CPE. In this case, please identify the agency to which the funds are appropriated. Please provide an estimate of total expenditure and State share amounts for each type of Medicaid payment. If any of the non-federal share is being provided using IGTs or CPEs, please fully describe the matching arrangement including when the state agency receives the transferred amounts from the local government entity transferring the funds. If CPEs are used, please describe the methodology used by the state to verify that the total expenditures being certified are eligible for Federal matching funds in accordance with 42 CFR 433.51(b). For any payment funded by CPEs or IGTs, please provide the following:**

- (i) a complete list of the names of entities transferring or certifying funds;**
- (ii) the operational nature of the entity (state, county, city, other);**
- (iii) the total amounts transferred or certified by each entity;**
- (iv) clarify whether the certifying or transferring entity has general taxing authority; and,**
- (v) whether the certifying or transferring entity received appropriations (identify level of appropriations).**

**Response:** Payments made to service providers under the provisions of this SPA are funded through a budget appropriation in the Office of Mental Health, that is received by the State agency that oversees medical assistance (Medicaid), which is the Department of Health.

The source of the appropriation is the Office of Mental Health General Fund Local Assistance Account.

There have been no new provider taxes and no existing taxes have been modified.

**3. Section 1902(a)(30) requires that payments for services be consistent with efficiency, economy, and quality of care. Section 1903(a)(1) provides for Federal financial participation to States for expenditures for services under an approved State plan. If supplemental or enhanced payments are made, please provide the total amount for each type of supplemental or enhanced payment made to each provider type.**

**Response:** The payments authorized for this provision are not supplemental or enhanced payments.

**4. Please provide a detailed description of the methodology used by the state to estimate the upper payment limit (UPL) for each class of providers (State owned or operated, non-state government owned or operated, and privately owned or operated). Please provide a current (i.e. applicable to the current rate year) UPL demonstration. Under regulations at 42 CFR 447.272, States are prohibited**

from setting payment rates for Medicaid inpatient services that exceed a reasonable estimate of the amount that would be paid under Medicare payment principals.

**Response:** This SPA is not contingent on the UPL.

**5. Does any governmental provider receive payments that in the aggregate (normal per diem, supplemental, enhanced, other) exceed their reasonable costs of providing services? If payments exceed the cost of services, do you recoup the excess and return the Federal share of the excess to CMS on the quarterly expenditure report?**

**Response:** There are various state agencies that perform audits each year to determine the appropriateness of Medicaid payments. In the event that inappropriate payments are determined, recoupments would be initiated and the Federal share would be returned to CMS within the associated quarterly expenditure report.

**ACA Assurances:**

**1. Maintenance of Effort (MOE). Under section 1902(gg) of the Social Security Act (the Act), as amended by the Affordable Care Act, as a condition of receiving any Federal payments under the Medicaid program during the MOE period indicated below, the State shall not have in effect any eligibility standards, methodologies, or procedures in its Medicaid program which are more restrictive than such eligibility provisions as in effect in its Medicaid program on March 10, 2010.**

**MOE Period.**

- **Begins on: March 10, 2010, and**
- **Ends on: The date the Secretary of the Federal Department of Health and Human Services determines an Exchange established by a State under the provisions of section 1311 of the Affordable Care Act is fully operational.**

**Response:** This SPA complies with the conditions of the MOE provision of section 1902(gg) of the Act for continued funding under the Medicaid program.

**2. Section 1905(y) and (z) of the Act provides for increased FMAPs for expenditures made on or after January 1, 2014 for individuals determined eligible under section 1902(a)(10)(A)(i)(VIII) of the Act. Under section 1905(cc) of the Act, the increased FMAP under sections 1905(y) and (z) would not be available for States that require local political subdivisions to contribute amounts toward the non-Federal share of the State's expenditures at a greater percentage than would have been required on December 31, 2009.**

**Prior to January 1, 2014 States may potentially require contributions by local political subdivisions toward the non-Federal share of the States' expenditures at percentages greater than were required on December 31, 2009. However, because of the provisions of section 1905(cc) of the Act, it is important to**



**determine and document/flag any SPAs/State plans which have such greater percentages prior to the January 1, 2014 date in order to anticipate potential violations and/or appropriate corrective actions by the States and the Federal government.**

**Response:** This SPA would [ ] / would not [✓] violate these provisions, if they remained in effect on or after January 1, 2014.

**3. Please indicate whether the State is currently in conformance with the requirements of section 1902(a)(37) of the Act regarding prompt payment of claims.**

**Response:** The State does comply with the requirements of section 1902(a)(37) of the Act regarding prompt payment of claims.

**Tribal Assurance:**

**Section 1902(a)(73) of the Social Security Act the Act requires a State in which one or more Indian Health Programs or Urban Indian Organizations furnish health care services to establish a process for the State Medicaid agency to seek advice on a regular ongoing basis from designees of Indian health programs whether operated by the Indian Health Service HIS Tribes or Tribal organizations under the Indian Self Determination and Education Assistance Act ISDEAA or Urban Indian Organizations under the Indian Health Care Improvement Act.**

**IHCIA Section 2107(e)(I) of the Act was also amended to apply these requirements to the Children's Health Insurance Program CHIP. Consultation is required concerning Medicaid and CHIP matters having a direct impact on Indian health programs and Urban Indian organizations.**

**a) Please describe the process the State uses to seek advice on a regular ongoing basis from federally recognized tribes Indian Health Programs and Urban Indian Organizations on matters related to Medicaid and CHIP programs and for consultation on State Plan Amendments waiver proposals waiver extensions waiver amendments waiver renewals and proposals for demonstration projects prior to submission to CMS.**

**b) Please include information about the frequency inclusiveness and process for seeking such advice.**

**c) Please describe the consultation process that occurred specifically for the development and submission of this State Plan Amendment when it occurred and who was involved.**

**Response:** Tribal consultation was performed in accordance with the State's tribal consultation policy as approved in SPA 17-0065, and documentation of such is included with this submission. To date, no feedback has been received from any tribal representative in response to the proposed change in this SPA.