



Department of Health

KATHY HOCHUL
Governor

JAMES V. McDONALD, MD, MPH
Commissioner

JOHANNE E. MORNE, MS
Executive Deputy Commissioner

September 28, 2026

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 #26-0048
Inpatient Hospital Services

Dear Director McMillion:

The State requests approval of the enclosed amendment #26-0048 to the Title XIX (Medicaid) State Plan for inpatient hospital services to be effective July 1, 2026 (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 was given in the *New York State Register* on June 24, 2026. 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,

A black rectangular box redacting the signature of Michael Ogborn.

Michael Ogborn
Deputy Medicaid Director
Office of Health Insurance Programs

Enclosures

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

1. TRANSMITTAL NUMBER

2 6 — 0 0 4 8

2. STATE

N Y3. 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

July 01, 2026

5. FEDERAL STATUTE/REGULATION CITATION

§ 1905(a)(1) Inpatient Hospital Services

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 07/01/26-09/30/26 \$ 2,305,943b. FFY 10/01/26-09/30/27 \$ 9,223,770

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A Part I Pages: 123, 123(a)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19-A Part I Pages: 123, 123(a)

9. SUBJECT OF AMENDMENT

10% Hospital Capital Add-on Restoration - IP

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. TYPED NAME

Michael Ogborn

13. TITLE

Deputy Medicaid Director

14. DATE SUBMITTED

September 28, 2026

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

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

SPA 26-0048

Attachment A

Replacement Pages: 123

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1905(a)(1) Inpatient Hospital Services

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. Effective on or after October 1, 2024, the budgeted and actual capital per diem rates will be reduced by an additional ten percent (10%), resulting in a twenty percent (20%) 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%). For capital per diem rates reconciled on or after October 1, 2024, 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 twenty percent (20%). 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 twenty percent (20%).~~
- 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. Effective on or after October 1, 2024, the budgeted and actual capital per APR-DRG case rates will be reduced by an additional ten percent (10%), resulting in a twenty percent (20%) 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%). For capital per APR-DRG case rates reconciled on or after October 1, 2024, 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 twenty percent (20%). 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 twenty percent (20%).~~

TN #26-0048

Approval Date

Supersedes TN #24-0077

Effective Date July 1, 2026

Appendix I
2026 Title XIX State Plan
Third Quarter Amendment
Amended SPA Pages

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1905(a)(1) Inpatient Hospital Services

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. Effective on or after October 1, 2024, the budgeted and actual capital per diem rates will be reduced by an additional ten percent (10%), resulting in a twenty percent (20%) reduction. Effective on or after July 1, 2026, the budgeted and actual capital per diem rate reduction will be changed from twenty percent (20%) to ten percent (10%). 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%). For capital per diem rates reconciled on or after October 1, 2024, 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 twenty percent (20%). 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 twenty percent (20%). For capital per diem rates reconciled on or after July 1, 2026, 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. Effective on or after October 1, 2024, the budgeted and actual capital per APR-DRG case rates will be reduced by an additional ten percent (10%), resulting in a twenty percent (20%) reduction. Effective on or after July 1, 2026, the budgeted and actual capital per APR-DRG case rate reduction will be changed from twenty percent (20%) to ten percent (10%). 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

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1905(a)(1) Inpatient Hospital Services

rate adjustment will be increased by ten percent (10%). For capital per APR-DRG case rates reconciled on or after October 1, 2024, 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 twenty percent (20%). 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 twenty percent (20%). For capital per APR-DRG case rates reconciled on or after July 1, 2026, 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.
- 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 #26-0048

Approval Date

Supersedes TN #24-0077

Effective Date July 1, 2026

Appendix II
2026 Title XIX State Plan
Third Quarter Amendment
Summary

SUMMARY
SPA #26-0048

This State Plan Amendment proposes to change the reduction of budgeted capital add-ons and actual capital expense add-ons for inpatient services on or after July 1, 2026, from twenty percent (20%) to ten percent (10%). Also, for all budget to actual capital reconciliations calculated on or after July 1, 2026, this State Plan Amendment proposes to change the adjustment to the rate difference from twenty percent (20%) to ten percent (10%).

Appendix III
2026 Title XIX State Plan
Third Quarter Amendment
Authorizing Provisions

SPA 26-0048

Paragraph (c) of subdivision 8 of section 2807-c of the Public Health Law; as amended by Section 4 of Part 0 of Chapter 57 of the Laws of 2026

(c) (i) In order to reconcile capital related inpatient expenses included in rates of payment based on a budget to actual expenses and statistics for the rate period for a general hospital, rates of payment for a general hospital shall be adjusted to reflect the dollar value of the difference between capital related inpatient expenses included in the computation of rates of payment for a prior rate period based on a budget and actual capital related inpatient expenses for such prior rate period, each as determined in accordance with paragraph (a) of this subdivision, adjusted to reflect increases or decreases in volume of service in such prior rate period compared to statistics applied in determining the capital related inpatient expenses component of rates of payment based on a budget for such prior rate period.

(ii) For rates effective April first, two thousand twenty through March thirty-first, two thousand twenty-one, the budgeted capital-related expenses add-on as described in paragraph (a) of this subdivision, based on a budget submitted in accordance to paragraph (a) of this subdivision, shall be reduced by five percent relative to the rate in effect on such date; and the actual capital expenses add-on as described in paragraph (a) of this subdivision, based on actual expenses and statistics through appropriate audit procedures in accordance with paragraph (a) of this subdivision shall be reduced by five percent relative to the rate in effect on such date.

(iii) For rates effective April first, two thousand twenty-one through September thirtieth, two thousand twenty-four, the budgeted capital-related expenses add-on as described in paragraph (a) of this subdivision, based on a budget submitted in accordance to paragraph (a) of this subdivision, shall be reduced by ten percent relative to the rate in effect on such date; and the actual capital expenses add-on as described in paragraph (a) of this subdivision, based on actual expenses and statistics through appropriate audit procedures in accordance with paragraph (a) of this subdivision shall be reduced by ten percent relative to the rate in effect on such date.

(iv) For rates effective October first, two thousand twenty-four through March thirty-first, two thousand twenty-six, the budgeted capital-related expenses add-on as described in paragraph (a) of this subdivision, based on a budget submitted in accordance with paragraph (a) of this subdivision, shall be reduced by twenty percent relative to the rate in effect on such date; and the actual capital expenses add-on as described in paragraph (a) of this subdivision shall be reduced by twenty percent relative to the rate in effect on such date.

(v) For rates effective on and after April first, two thousand twenty-six, the budgeted capital-related expenses add-on as described in paragraph (a) of this subdivision, based on a budget submitted in accordance with paragraph (a) of this subdivision, shall be reduced by ten percent relative to the rate in effect on such date; and the actual capital expenses add-on as described in paragraph (a) of this subdivision shall be reduced by ten percent relative to the rate in effect on such date. Such rate adjustments shall be subject to federal financial participation.

(vi) For any rate year, all reconciliation add-on amounts calculated for the period of April first, two thousand twenty through September thirtieth, two thousand twenty-four shall be reduced by ten percent, and all reconciliation recoupment amounts calculated for the period of April first, two thousand twenty through September thirtieth, two thousand twenty-four shall increase by ten percent.

(vii) For any rate year, all reconciliation add-on amounts calculated for the period October first, two thousand twenty-four through March thirty-first, two thousand twenty-six shall be reduced by twenty percent, and all reconciliation recoupment amounts calculated for the period October first, two thousand twenty-four through March thirty-first, two thousand twenty-six, shall increase by twenty percent. Such rate adjustments shall be subject to federal financial participation.

(viii) For any rate year, all reconciliation add-on amounts calculated on and after April first, two thousand twenty-six shall be reduced by ten percent, and all reconciliation recoupment amounts calculated on or after April first, two thousand twenty-six shall increase by ten percent. Such rate adjustments shall be subject to federal financial participation.

Appendix IV
2026 Title XIX State Plan
Third Quarter Amendment
Public Notice

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 institutional services to comply with the 2026-2027 proposed executive budget. The following changes are proposed:

Institutional Services

Effective for services on or after July 1, 2026, and each state fiscal year thereafter, the reduction to hospital inpatient budgeted capital rate add-ons and the actual capital expense add-ons will be changed from 20 percent to 10 percent relative to the rate in effect on such date.

For any rate year, the reduction to all reconciliation capital add-on amounts calculated on or after July 1, 2026, will be changed from 20 percent to 10 percent, and all reconciliation recoupment capital amounts calculated on or after July 1, 2026, will be changed from 20 percent to 10 percent.

The estimated net aggregate increase in gross Medicaid expenditures attributable to this initiative contained in the budget for state fiscal year 2026-2027 is \$13.84 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. 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-2026-0112

Date of Issuance – June 24, 2026

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.

In F-2026-0112, Anna Wang is proposing to install a permanent dock and boathouse in place of the existing structures. The dock will be constructed using 6 inch round schedule 40 posts driven into bay floor. The existing boathouse is 13.2 foot wide by 19.4 foot long. The existing and proposed dimensions of the dock around the boathouse are 18 feet long by 2 feet wide, 14 feet wide by 26 feet long and 8 feet wide by 50 foot long. The project is located at 7356 Rose Ave in the Town of Wolcott in Wayne County on Sodus Bay.

The stated purpose of the proposed action is recreational enhancement for the homeowners.

The applicant's consistency certification and supporting information are available for review at: <https://dos.ny.gov/f-2026-0112> or at <https://dos.ny.gov/public-notices>

Original copies of public information and data submitted by the applicant are available for inspection at the New York State Department of State offices located at One Commerce Plaza, 99 Washington Avenue, in Albany, New York.

Any interested parties and/or agencies desiring to express their views concerning any of the above proposed activities may do so by filing their comments, in writing, no later than 4:30 p.m., 30 days from the date of publication of this notice, or July 24, 2026.

Comments should be addressed to: Consistency Review Unit, Department of State, Office of 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.

PUBLIC NOTICE

Department of State
F-2026-0364(DA)

Date of Issuance – June 24, 2026

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 U.S. Merchant Marine Academy has determined that the proposed activity complies with and will be conducted in a manner consistent to the maximum extent practicable with the approved New York State Coastal Management Program. The agency's consistency determination and accompanying public information and data are available for inspection at the New York State Department of State offices located at One Commerce Plaza, 99 Washington Avenue, in Albany, New York.

In F-2026-0364(DA), the U.S. Merchant Marine Academy (USMMA) proposes to demolish existing residential structures (~9,000sf house, in-ground pool and associated pool house) to create a construction laydown area for future development at the USMMA. The proposal is for a property owned by the Merchant Marine Academy located at 307 Steamboat Road, in the Village of Kings Point, Nassau County.

The stated purpose of the project is to create a construction laydown area for use during USMMA's Capital Modernization Plan. The use of the proposed area would minimize the disruption to daily campus activities, traffic and parking. This location would ultimately serve as the future location of the Federal Maritime Center of Excellence.

INSTITUTIONAL SERVICES
State Plan Amendment (SPA) #26-0048

CMS Standard Funding Questions (SFQs)

The following questions are being asked and should be answered in relation to all amended payments made to providers paid pursuant to a methodology described in Attachments 4.19-A, 4.19-B, and 4.-19-D of this SPA.

- 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 payments, a complete listing of providers that return a portion of their payments, 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 receive and retain 100 percent of total Medicaid expenditures claimed by the State and the State does not require any provider to return any portion of such payments to the State, local government entities, or any other intermediary organization.

- 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 through 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 nonfederal 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 governmental 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).

Fiscal Response:

Medicaid SPA Expenditures		
Federal Fiscal Year*	Total Gross Whole \$	Non-Federal Share Whole \$
Year 1	\$4,611,885	\$2,305,943
Year 2	\$18,447,540	\$9,223,770

*These Federal Fiscal Years (FFY) correspond to the date in which the SPAs are submitted to CMS. If the SPA is submitted June 2026, then FFY Year 1 would equate to FFY 2026 (October 2025 to September 2026), and FFY Year 2 would equate to FFY 2027 (October 2026 to September 2027).

Response: The Non-Federal share Medicaid provider payment of this SPA is funded by the New York State General Fund through appropriations enacted by the New York State Legislature and signed by the New York State Governor, which provide authority to the Department of Health (DOH) to operate the New York State Medicaid program. The General Fund is the major operating fund of the State. It receives all State income not earmarked for a particular program or activity and not specified by law to be deposited in another fund. State income consists of moneys (taxes, fees, and miscellaneous receipts including certain repayments of State advances) deposited to the credit of the General Fund during the fiscal year and transfers from other funds from current revenues.

- 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 Medicaid payments under this SPA are not supplemental or enhanced payments.

- 4. For a SPA related to inpatient hospital (including specialty hospital), psychiatric residential treatment facility (PRTF), nursing home, intermediate care facility (ICF), clinic, physician, , or outpatient hospital services 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.**

Routine Response: The Medicaid payments under this SPA are for inpatient hospital services.

Inpatient Hospital (including Specialty Hospitals) Response: The inpatient UPL demonstration utilizes cost-to-payment and payment-to-payment methodologies to calculate the UPL for the Non-Government (e.g., private), State Government, and Non-State Government providers. The Medicaid payments under this SPA will be included in the final inpatient hospital UPL demonstration for the calendar year in which this SPA was submitted to CMS. The final UPL demonstration will be submitted to CMS after the calendar year demonstration period concludes.

- 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: Providers do not receive payments that, in aggregate, exceed their reasonable costs of providing services. If any providers received payments that, in aggregate, exceeded their reasonable costs of providing services, the State would recoup the excess and return the Federal share of the excess to CMS on the quarterly expenditure report.