

TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL

TRANSMITTAL NUMBER:
00-07

2. STATE
Oregon

**OFFICIAL ORIGINAL
FILE COPY**

FOR: HEALTH CARE FINANCING ADMINISTRATION
OCT 30 2000

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID) Medical Assistance

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2000

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, Subpart C

7. FEDERAL BUDGET IMPACT:
a. FFY \$ -0-
b. FFY \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Section 4.19-A, pages 16, 16a and 16b

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Section 4.19-A, pages 16, 16a and 16b

10. SUBJECT OF AMENDMENT:

This transmittal is submitted to clarify the Graduate Medical Education (GME) payment by replacing 1998 as base year with the most recent completed report year and revising how the GME reimbursement is made by changing to quarterly payments.

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:

Per Attachment 7.3A

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Hersh Crawford *Gary Weeks*

13. TYPED NAME: Hersh Crawford Gary Weeks
14. TITLE: Administrator, OMAP Director, DHS

16. RETURN TO:

Office of Medical Assistance Programs
Department of Human Services
500 Summer Street NE, 3rd Floor
Salem, OR 97310

15. DATE SUBMITTED: 10-25-00

ATTN: Carole Van Eck

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: OCT 30 2000

18. DATE APPROVED: JAN 24 2001

19. EFFECTIVE DATE OF APPROVED MATERIAL:
October 1, 2000

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Teresa E. Trimble

22. TITLE:
Associate Regional Administrator

23. REMARKS:

APPROVED: 10/25 *Salem*
(DATE) (CITY/STATE)

"P & I" changes were authorized by the State.

the Office of Medical Assistance Program's indirect medical education factor. This factor is used for the entire Oregon fiscal year.

The calculation for the Indirect Medical Education Factor is as follows:

$$\begin{array}{r} \text{Total relative weights from claims paid during the quarter} \\ \times \quad \text{Indirect Medical Education Factor} \\ = \quad \text{Indirect Medical Education Payment} \end{array}$$

This determines the current quarter's Indirect Medical Education payment. Indirect medical education payments are made quarterly to each eligible hospital. Payment for indirect medical education costs will be made within thirty days of the end of the quarter.

12(A) Graduate Medical Education Reimbursement for Public Teaching Hospitals

The Graduate Medical Education (GME) payment is reimbursement to an institution for the costs of an approved medical training program. The State makes GME payments to non-Type A and B inpatient acute hospitals based on the number of fee-for-service hospital inpatient discharges as provided in (11) Direct Medical Education and (12) Indirect Medical Education. Funding for GME is not included in the "capitation rates" paid to managed care plans under the Oregon Health Plan resulting in hospitals with medical teaching programs not being able to capture GME costs when contracting with managed care plans. Since a significant portion of Medicaid payments for acute inpatient hospital discharges are made through managed care plans, an additional payment for GME is necessary to ensure the integrity and quality of medical training programs.

The additional GME payment is a reimbursement to any in-state public acute care hospital providing a major teaching program, defined as a hospital with more than 200 residents or interns. This reimbursement is in addition to that provided under (11) Direct Medical Education or (12) Indirect Medical Education.

For each qualifying public hospital, the payment amount is initially determined based on hospital specific costs for medical education as reported in the Medicare Cost Report, for the most recent completed reporting year (base year). Total Direct Medical Education (DME) costs consist of the costs for medical residency and the paramedical education programs. Title XIX DME costs are determined based on the ratio of Title XIX days to total days applied to the total DME costs.

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**TN #: 00-007
Supersedes TN #: 99-006**

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Indirect Medical Education (IME) costs are derived by first computing the percent of IME to total Medicare inpatient payments. This is performed by dividing the IME Adjustment reported in the Medicare Cost Report by the sum of this amount and Medicare payments for DRG amount - other than outlier payments, inpatient program capital, and organ acquisition. The resulting percent is then applied to net allowable costs (total allowable costs less Total DME costs, computed as discussed in the previous paragraph). Title XIX IME costs are then determined based upon the ratio of Title XIX days to total days.

The additional GME payment is calculated as follows:

Total Title XIX GME is the sum of Title XIX IME and DME costs. Payments for Title XIX fee-for-service IME and DME are then subtracted from the Total Title XIX GME leaving the net unreimbursed Title XIX GME costs for the base “P&I” year. The net unreimbursed Title XIX GME costs for the base year is then multiplied by HCFA PPS Hospital Index. The additional GME payment is rebased yearly.

“P&I” The additional GME reimbursement is made quarterly . Reimbursement is limited to the availability of public funds, specifically, the amount of public funds available for GME attributable to the Title XIX patient population.

Total payments including the additional GME payments will not exceed that determined by using Medicare reimbursement principles. The Medicare upper limit will be determined from the most recent Medicare Cost Report and will be performed for all inpatient acute hospitals and separately for State operated inpatient acute hospitals in accordance with 42 CFR 447.272(a) and (b). The upper limit review will be performed before the additional GME payment is made.

(13) DISPROPORTIONATE SHARE

The disproportionate share hospital (DSH) payment is an additional reimbursement made to hospitals which serve a disproportionate number of low-income patients with special needs.

A hospital’s eligibility for DSH payments is determined at the beginning of each State fiscal year. Hospitals which are not eligible under Criteria 1 may apply for eligibility at any time during the year under Criteria 2. A hospital may be determined eligible under Criteria 2 only after being determined ineligible under Criteria 1. Eligibility under Criteria 2 is effective from the beginning of the quarter in which eligibility is approved. Out-of-state hospitals are eligible for DSH payments if they have been designated by their state Title XIX Medicaid program as eligible for DSH payments within that state.

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- a. Criteria 1: The ratio of total paid Medicaid inpatient (Title XIX, non-Medicare) days to total inpatient days is one or more standard deviations above the mean for all Oregon hospitals.**

Information on total inpatient days is taken from the most recent Medicare Cost Report.

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