



# Department of Health

**KATHY HOCHUL**  
Governor

**JAMES V. McDONALD, M.D., M.P.H.**  
Acting Commissioner

**MEGAN E. BALDWIN**  
Acting Executive Deputy Commissioner

March 9, 2023

Dear Administrator:

**This notification only applies to hospitals that were recently approved for Financially Distressed Hospital rate add-ons effective April 1, 2022.**

We are transmitting for your review the calculation of your hospital's updated inpatient acute and psychiatric exempt unit reimbursement rates for **Medicaid Managed Care (MMC)**, which are effective April 1, 2022 – December 31, 2022. Please note that the inpatient rates for Medicaid Fee-for-Service (FFS) and Workers' Compensation/No-Fault (WCNF) have **not** changed and remain the same as the rates previously published for April 1, 2022 – December 31, 2022. These rates have been promulgated in accordance with Article 2807-c and, for the acute rates, Article 2807-c (35)(c).

These rates are based upon the same information and methodology as the initial inpatient rates effective April 1, 2022, but take into consideration the following update:

- For dates of April 1, 2022 – March 31, 2023, the Centers for Medicare and Medicaid (CMS) recently approved rate add-ons to the Medicaid Managed Care rates of payment for hospitals that qualified as financially distressed. These add-ons are only applicable to the acute DRG and psychiatric exempt unit services, as outlined in the billing guidelines attachment to this letter. No other inpatient rates changed as a result of this update. Please note that the April 1, 2022 rates are only being revised at this time, however the same add-ons are being incorporated into the January 1, 2023 rates which will be released at a later date.

Managed Care premiums have not yet been adjusted to reflect this payment update. These rates will be posted to the Department of Health's APR-DRG website for the health plans.

**Appeals:**

All data associated with these rates was previously subjected to the appeal process. The financially distressed hospital rate add-ons are not subject to appeal.

Please refer to the attached billing guidelines associated with the financially distressed hospital rate add-ons. Should you have any questions regarding your rate sheets, please send an email to the hospital rate-setting unit at [HospFFSunit@health.ny.gov](mailto:HospFFSunit@health.ny.gov) and either Tami Berdi or John Neuberger will respond. Questions regarding the add-ons, premiums or billing guidelines should be directed to the Bureau of Managed Care Reimbursement at [bmcr@health.ny.gov](mailto:bmcr@health.ny.gov).

Sincerely,

Monique Grimm  
Chief Health Care Fiscal Analyst  
Bureau of Hospital and Clinic Rate Setting

Attachment

**ATTACHMENT**  
**(Billing Guidance for Financially Distressed Hospital Rate Add-ons)**

**A) Inpatient Acute Discharges:** Acute inpatient discharges are defined as inpatient stays that in addition to medical/surgical stays, include areas such as maternity, newborn, and neonatal.

- Inpatient mental health and substance abuse, nursing facility and hospice services are not included

**Claims Definition (Institutional Facility Claims only):**

**1) NEWBORN / NEWBORN (Low Birth Weight)**

- APR-DRGs: 580, 581, 583, 588, 589, 591, 593, 602, 603, 607, 608, 609, 611, 612, 613, 614, 621, 622, 623, 625, 626, 630, 631, 633, 634, 636, 639, 640

**2) MATERNITY**

- APR-DRGs: 539, 540, 541, 542, 560

**3) MEDICAL / SURGICAL**

- Type of Bill: 11x, 12x, 41x **AND**
- Claim contains at least one of the following:
  - **Room and Board Revenue Codes:** 0024, 0100, 0101, 0110, 0111, 0112, 0113, 0117, 0118, 0119, 0120, 0121, 0122, 0123, 0127, 0128, 0129, 0130, 0131, 0132, 0133, 0137, 0138, 0139, 0140, 0141, 0142, 0143, 0147, 0148, 0149, 0150, 0151, 0152, 0153, 0157, 0158, 0159, 0160, 0164, 0170, 0171, 0172, 0173, 0174, 0179, 0200, 0201, 0202, 0203, 0206, 0207, 0208, 0209, 0210, 0211, 0212, 0213, 0214, 0219 **AND**
  - Claim does not contain the following (Mental Health/Substance Abuse Treatment) \*\*:
    - **Rate Codes:** 1133-1146, 2852, 2957, 2858, 2993, 4001-4006, 4202-4204, 4210, 4213, 4220, 4608, 4800-4803
    - **APR DRGs:** 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 770, 772, 773, 774, 775, 776
- **Note:** Exception applies for hospitals listed below due to absence of NYS Medicaid Psychiatric per diem rate

**B) Inpatient Psychiatric Days:** Inpatient psychiatric days are defined as inpatient days for those service areas incurred in providing daily bedside care to Psychiatric inpatients. This category does not include days associated with substance use disorder (SUD) discharges

**Claims Definition (Institutional Facility Claims only):**

**1) PSYCHIATRIC**

- Claim contains at least one of the following:
  - **Rate Codes:** 2858, 2852, 4001-4006, 4608 (Inpatient Mental Health\*\*) **OR**
  - **APR-DRGs:** 740, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760 **OR**

**\*\*Note:** The following hospitals do not have a New York State Medicaid Fee-for-Service “per diem” psychiatric billing rate. Any claims within this category for these hospitals should be considered acute inpatient discharges. The acute inpatient discharge add-on would apply

- Brooklyn Hospital Center
- Crouse Hospitals
- St. John’s Riverside Hospital
- Wyckoff Heights Medical Center