



Department of Health

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Executive Deputy Commissioner

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Dear Health Plans:

The purpose of this letter is to provide Health Plans with the initial hospital Medicaid inpatient rates for the period November 1, 2018 through December 31, 2018 for Acute DRG, Exempt Hospitals, Exempt Hospital Units and Chemical Dependency Detoxification services.

These rates were initially posted to the Department of Health's (Department) website on December 24, 2018 and then temporarily retracted after the release of the State Fiscal Year (SFY) 2019-20 Executive Budget 30 Day Amendments. Any facility-specific adjustments that have been made since the initial file was posted have been noted in the rate publication file.

As a reminder, these rates are based upon the same methodology and data used in the July 1, 2018 rates but take into consideration the following update:

- **2% Across the Board Hospital Investment:** The SFY 2018-19 Enacted Budget established a Health Care Transformation Fund (State Finance Law – Article 6, Section 92-hh). A portion of these funds has been allocated to hospitals to provide a 2% investment on all the operating components of the Medicaid inpatient rates. Please note, for those hospitals where the estimated annual Medicaid impact from the 2% operating investment is less than \$75,000, the operating components were not adjusted since lump sum payments are anticipated to be made through Medicaid Fee-for-Service.

For payment of the November 1, 2018 rates, the July 1, 2018 service intensity weights (SIWs), average lengths of stay (ALOS) and cost outlier thresholds should be utilized, as well as the 3M APR-DRG grouper version 34.

Based on the above changes, the Department is adjusting the October 2018 Managed Care Organization (MCO) premiums. It is the Department's expectation that this adjustment be included in reimbursement to all hospitals included in the attached inpatient rate schedule regardless of contractual reimbursement terms. This includes any reprocessing that should occur consistent with this adjustment.

On the attached rate schedules, we have included all hospitals and the Medicaid Managed Care Rates for the inpatient services listed below. Please note that all informational columns related to Graduate Medical Education have been removed.

- Acute Case Payment (Per Discharge)
- Specialty Hospitals - Long Term Acute, Cancer and Blythedale Children's (Per Diem)
- Psychiatric Exempt Unit (Per Diem)
- Chemical Dependency Rehab Exempt Unit (Per Diem)
- Critical Access Hospitals (Per Diem)
- Medical Rehab Exempt Unit (Per Diem)
- Chemical Dependency Detoxification Exempt Unit (Per Diem) – **separate schedule**

Also enclosed are payment calculation files that display how each component from the schedules are used in the payment of a Medicaid claim.

Acute Care Per Case Rate Schedule – These are the rate components to be paid to hospitals for acute case payment services:

1. **Default & Contract Discharge Case Payment Rate (Including Public Health Law (PHL) Section 2807-c(33) but Excluding GME):** Acute per case payment to be used when either an HMO plan contract is applicable or not applicable. This is the statewide price adjusted by ISAF (Column 3) and transition adjustments (if applicable).
2. **Default & Contract Statewide Base Price (Including PHL Section 2807-c(33)):** Statewide base price, when HMO contract is applicable or not applicable, for informational purposes only. The statewide price is used in the development of the discharge rate in Column 1.
3. **Institutional Specific Adjustment Factor (ISAF):** Hospital specific adjustment to reflect wage differences (Wage Equalization Factor).
4. **High Cost Charge Converter:** Charge converter to reduce hospital charges for cost outlier payments.
5. **Capital Per Discharge (Excluding Non-Comparable Add-ons):** Capital per discharge to be included after application of Service Intensity Weights (SIW's).
6. **Ambulance Add-ons:** This represents ambulance per discharge to be added on after application of SIW.
7. **TEA Physician Add-on:** This is the add-on for physician costs for those hospitals that are Teaching Election Amendment hospitals for the Medicare program to be added on after application of SIW.
8. **School of Nursing Add-on:** This represents an add-on per discharge for those hospitals with Schools of Nursing and is added after application of SIW.
9. **Minimum Wage Add-on:** This represents an add-on per discharge for those hospitals affected by the minimum wage increases effective January 1, 2018.
10. **Quality Pool Add-on:** This represents an add-on per discharge for hospitals that qualify for the Quality Pool for SFY 2018-19. The Quality Pool add-ons are not subject to the 2% investment.
11. **Sole Community Provider Pool Add-on:** This represents an add-on per discharge for hospitals that qualify for the Sole Community Provider Pool for SFY 2018-19. The Sole Community Provider Pool add-ons are not subject to the 2% investment.
12. **Capital Per Diem:** This is the capital per diem to be used when transfer payment on a per diem basis is being made.
13. **Sterilization During Delivery:** This is for Managed Care enrollees of Fidelis Care only.
14. **ALC Per Diem:** This is the Alternate Level of Care per diem for those patients who no longer require acute hospital care and are awaiting placement or discharge.
15. **Indigent Care and Health Care Initiatives Surcharge:** This is the surcharge percentage obligation as authorized by Public Health Law Section 2807-j.

Inpatient Exempt Hospital/Exempt Unit Rate Schedule – These are the rate components to be used for exempt hospitals or exempt units within a general hospital:

1. **Specialty Acute Hospital Billing Rate (w/out DME):** This per diem is for specialty long term acute hospitals, cancer hospitals, and children's hospitals.
2. **Specialty Acute Hospital Quality Pool Per Diem Add-on:** Quality Pool per diem for informational purposes only (amount is already included in column 1 rate). The Quality Pool add-ons are not subject to the 2% investment.
3. **Specialty Acute Hospital ALC Per Diem:** Alternate Level of Care per diem for those patients who no longer require specialty acute services and are awaiting placement or discharge.

4. **Psychiatric Billing Rate:** This is the operating portion of the billing rate which consists of the statewide price adjusted by an institution specific adjustment factor (ISAF) and a rural adjustment factor (if applicable).
5. **Psychiatric Non-Operating Billing Rate (w/out DME):** This is the capital portion of the billing rate.
6. **Psychiatric ECT Payment:** This is the Electroconvulsive Therapy add-on (per treatment) which has been adjusted by the same ISAF as the statewide price.
7. **Psychiatric ALC Per Diem Rate:** Alternative Level of Care per diem for those patients who no longer require psychiatric services and are awaiting placement or discharge.
8. **Chemical Dependency Rehabilitation Billing Rate:** Per diem for Alcohol and Drug Rehabilitation programs which are combined into one service type.
9. **Chemical Dependency Rehabilitation Quality Pool Per Diem Add-on:** Quality Pool per diem for informational purposes only (amount is already included in column 8 rate). The Quality Pool add-ons are not subject to the 2% investment.
10. **Chemical Dependency Rehabilitation ALC Per Diem:** Alternate Level of Care per diem for those patients who no longer require Chemical Dependence Rehab services and are waiting placement or discharge.
11. **Critical Access Hospital Billing Rate:** Per Diem to be paid to those hospitals that are designated as critical access hospitals.
12. **Critical Access Hospital Quality Pool Per Diem Add-on:** Quality Pool per diem for informational purposes only (amount is already included in column 11 rate). The Quality Pool add-ons are not subject to the 2% investment.
13. **Critical Access Hospital ALC Per Diem:** Alternate Level of Care per diem to be paid for patients who no longer require acute care and are waiting placement or discharge.
14. **Medical Rehabilitation Billing Rate:** Per diem for medical rehabilitation services.
15. **Medical Rehabilitation Quality Pool Per Diem Add-on:** Quality Pool per diem for informational purposes only (amount is already included in column 14 rate). The Quality Pool add-ons are not subject to the 2% investment.
16. **Medical Rehabilitation ALC Per Diem:** Alternative Level of Care per diem to be paid for patients who no longer require medical rehabilitation and are waiting placement or discharge.
17. **Detox Medically Managed & Medically Supervised Withdrawal Billing Rates:** Per diem to be paid to hospitals for medically managed services with certified detox program by OASAS. This information has been published on a separate schedule.
18. **Indigent Care and Health Care Initiative Surcharge:** This is the surcharge percentage obligation as authorized by Public Health Law Section 2807-j.

Should you have any questions regarding the above rate information, please submit your inquiry to HospFFSunit@health.ny.gov and either Monique Grimm or Tami Berdi from the hospital fee-for-service rate setting unit will respond. Questions regarding Managed Care premiums should be addressed to bmcr@health.ny.gov.

Sincerely,

Michael Dembrosky
Director
Bureau of Acute & Managed Care Reimbursement