

Table of Contents

State/Territory Name: **New Jersey**

State Plan Amendment (SPA) #: **15-0005**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Division of Medicaid and Children's Health Operations
Financial Management Group

APR 04 2016

Valerie Harr
State Medicaid Director
Department of Human Services
Division of Medical Assistance and Health Services
State of New Jersey
P.O. Box 712
Trenton, NJ 08625-0712

RE: State Plan Amendment (SPA) NJ 15-0005

Dear Ms. Harr:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State Plan submitted under transmittal number (TN) NJ 15-0005. Effective July 1, 2015, this amendment increases Graduate Medical Education (GME) payments authorized in the state's 1115 Comprehensive Waiver from \$100 to \$127 million.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. This letter is to inform you that New Jersey SPA 15-0005 is approved effective July 1, 2015. The CMS-179 and approved plan pages are enclosed.

If you have any questions, please contact Betsy Pinho at 518-396-3810.

Sincerely,

A solid black rectangular box redacting the signature of Kristin Fan.

Kristin Fan
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES

1. TRANSMITTAL NUMBER:

15-005-MA(NJ)

2. STATE

New Jersey

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

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE AND MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2015

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:

Social Security Act Section 1902(a)(13)

7. FEDERAL BUDGET IMPACT

FFY 2015: \$4,568,182

FFY 2016: \$13,704,545 - 18,272,728

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A Pages I-227(d) (e) and (f)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Same

10. SUBJECT OF AMENDMENT:

2016 GME Distribution Methodology

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT

OTHER, AS SPECIFIED:

Not required, pursuant to 7.4 of the Plan

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RE: UANTO

13. TYPED NAME: Elizabeth Connolly

Valerie Harr, Director

Division of Medical Assistance and Health Services

14. TITLE: Acting Commissioner

P.O. Box 712, #26

Trenton, NJ 08625-0712

15. DATE SUBMITTED: 9/3/15

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

APR 04 2016

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JUL 01 2015

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Kristin Fan

22. TITLE:

Director, FMG

23. REMARKS:

On 2/8/2016, the State requested 'pen & ink'
change to FFY 2016 in Box 7

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State of New Jersey

Reimbursement for In-State Acute Care Inpatient Hospital Services Graduate Medical
Education (GME) and Indirect Medical Education (IME)

**12.4 Distribution of Graduate Medical Education (GME) Made on Behalf of
Individuals enrolled in New Jersey's Comprehensive Waiver (NJCW)
Demonstration.**

- (a) Effective July 1, 2015, \$127,272,727 in GME payments made on behalf of individuals enrolled in the NJCW Demonstration shall be distributed annually to all eligible acute care teaching hospitals using the methodology described in this section. An eligible acute care teaching hospital, beginning SFY 2016, will be defined as any acute care hospital with GME interns and residents Full Time Equivalencies (FTEs). NJ has established actuarially sound capitation rates, and has adjusted such rates to account for the GME payments provided in this section.
- (b) The GME allocation shall be calculated using data from the hospital's most recent available submitted cost report (CMS-2552) as of February 1 the year prior to the subsidy payment year for acute care general hospitals and the sum of Medicaid Primary (Title XIX of the Social Security Act) and Enhanced Family Care Part A Inpatient managed care payments (Net of Administrative Payments and Medicaid Excluded unit payments). In the event the hospital has been in operation less than twelve months in the reporting period, the number of reported months of data regarding days, costs, or payments shall be annualized). A Medicaid Excluded unit is defined as an entity in which the hospital has elected to be paid a cost per discharge based on Medicare TEFRA (see Tax Equity and Fiscal Responsibility Act of 1982, Pub. L. 97-248, U.S.C. sec. 1395ww (b)) rules rather than on a diagnosis related group (DRG) basis. The hospital payments are obtained using the hospital's most recent fiscal year of data for which the Division has 24 months of paid claims data prior to February 1 the year prior to the rate year.
- (c) A Direct Medical Education (DME) Cost is calculated for each Medicaid identified acute care general hospital using the approved residency program salary and fringe costs and other residency costs. Medicaid managed care utilization is calculated for each hospital using the ratio of Medicaid managed care patient days less related nursery patient days to the net of total patient days less nursery patient days. The estimated Medicaid managed care utilization factor is multiplied by the total DME cost to determine an estimated managed care DME intern and resident cost. The estimated managed care DME intern and resident cost is divided by the hospital's most recent submitted cost report as of February 1 of the year prior to the subsidy payment year intern and resident FTEs to calculate the median cost per resident. The median cost per resident is multiplied by the hospital's most recent submitted cost report as of February 1 of the year prior to

15-0005

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State of New Jersey

Reimbursement for In-State Acute Care Inpatient Hospital Services Graduate Medical
Education (GME) and Indirect Medical Education (IME)

the subsidy payment year intern and resident FTEs to calculate the acute care general hospitals' median managed care DME cost. Each Medicaid identified acute care general hospitals' median managed care DME cost is divided by the sum of all Medicaid identified acute care general hospitals' DME costs to arrive at a percent to total. A hospital's percent total is multiplied by the total DME pool allocation to determine the DME portion of the GME payment. The DME pool allocation is the industry-wide Medicaid managed care DME costs divided by the sum of the Medicaid managed care cost both DME and IME multiplied by the appropriate GME amounts from section 12.4(a) above.

- (d) An Indirect Medical Education (IME) Factor is calculated for each Medicaid identified acute care general hospital using a ratio of submitted IME Resident FTEs to net available beds (less nursery beds) and the Medicare IME Formula. This IME Factor is multiplied by the above mentioned Medicaid and Family Care Part A payments using the hospitals' most recent calendar year of data for which the State has twenty four months of paid claims data prior to January 1 of the fiscal year prior to the rate year to obtain a hospital specific IME amount. Each Medicaid identified acute care general hospital's IME amount is then divided by the sum of all Medicaid identified acute care general hospitals' IME amounts to arrive at a percent to total. This percentage is multiplied by the IME pool allocation amount to determine the hospital's individual allocation. The IME pool allocation is the industry-wide Medicaid managed care IME costs divided by the sum of the Medicaid managed care cost both DME and IME multiplied by the appropriate GME amount from section 12.4(a) above.
- (e) Distribution of Graduate Medical Education (GME) in the Event of a Hospital Closure or Hospital Acquisition During or After State Fiscal Year (SFY) 2016: In the event of a hospital closure or hospital acquisition, GME allocations that would have been provided to the closed hospital are to be redistributed to the acquiring hospital first if the acquiring hospital is accredited as a teaching hospital then to all other eligible hospitals. If the acquiring hospital is not receiving GME FTEs from a closed or acquired hospital, the GME amount will be redistributed to all eligible hospitals by applying the then current SFY GME payment formula excluding the closed or acquired hospital from the payment formula.
- (f) Appeal process for distribution of Graduate Medical Education (GME)
- (a) In the event that a hospital elects to appeal the subsidy allocation, the following procedure is to be adhered to:

15-0005

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State of New Jersey

Reimbursement for In-State Acute Care Inpatient Hospital Services Graduate Medical
Education (GME) and Indirect Medical Education (IME)

1. A hospital which suspects that the subsidy payment schedule reflects a calculation error shall notify the New Jersey Department of Health Executive Director of the Office of Healthcare Financing in writing of the suspected calculation error within 15 working days of issuance of the schedule. A calculation error is limited to a mathematical mistake made by the Department or data not matching the actual source documents used to calculate the GME payment. If upon review it is determined by the Department of Health that the appeal finds an error was made and the error is confirmed and would constitute at least a five percent change in the hospital's allocation amount, a revised industry-wide subsidy payment schedule will be issued.
2. A notice by a hospital of an intent to appeal the amount of its allocation indicated on the subsidy payment schedule, for reasons other than a calculation error, shall be submitted in writing to the New Jersey Department of Health Executive Director of the Office of Healthcare Financing within 15 working days of issuance of the particular subsidy payment schedule. Within 30 working days of issuance of the subsidy payment schedule, the hospital shall submit to the Executive Director two copies of its appeal, describing in detail the basis of its appeal of the aforementioned payment schedule. Appeals shall not include new submissions pertaining to claims and/or cost report data that was not previously submitted in accordance with time frames and procedures established for submission of the data utilized in the subsidy allocation calculation.
 - i. The appeal document shall list all factual and legal issues, including citation to the applicable provisions of the Department's rules, and shall include written documentation supporting each appeal issue.

15-0005

TN: 15-0005 MA (NJ)

Supersedes: TN: 14-0011 MA (NJ)

Approval Date: APR 04 2016

Effective Date: JUL 01 2015