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State/Territory Name: New Jersey

State Plan Amendment (SPA) #: NJ 17-0005

This file contains the following documents in the order listed:

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

Financial Management Group

MAY 09 2018

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

RE: State Plan Amendment (SPA) 17-0005

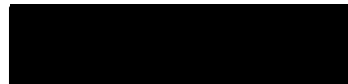
Dear Ms. Davey:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State Plan submitted under transmittal number (TN) 17-0005. Effective July 1, 2017, this amendment provides for reimbursement of graduate medical education costs attributable to individuals in managed care.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 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 SPA 17-0005 is approved effective July 1, 2017. We are enclosing the CMS-179 and the approved plan pages.

If you have any questions, please contact Charlene Holzbaaur at 609-882-4103 Ext. 104.

Sincerely,



Kristin Fan
Director

Enclosures

c: M. Melendez
R. Holligan
R. Weaver
T. Brady
C. Holzbaur

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

FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES

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

1. TRANSMITTAL NUMBER:

17-0005-MA

2. STATE

New Jersey

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

4. PROPOSED EFFECTIVE DATE

July 1, 2017

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 2017: \$ 35,425,000

FFY 2018: \$ 105,911,667

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:

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:

[Redacted Signature]

13. TYPE NAME: **Elizabeth Connolly**

14. TITLE: **Acting Commissioner**

15. DATE SUBMITTED: **9/5/17**

16. RETURN TO:

Meghan Davey, Director

Division of Medical Assistance and Health Services

P.O. Box 712, #26

Trenton, NJ 08625-0712

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 for State fiscal year 2018, \$218,000,000 in GME payments (paid in 12 equal monthly 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 2018, will be defined as any acute care hospital with GME interns and residents Full Time Equivalencies (FTEs).
- (b) The hospital's GME allocation shall be calculated using source data from each hospital's calendar year 2015 submitted Medicaid cost report (CMS-2552) as of November 30, 2016 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 source data for Medicaid Managed Care encounter payments for Medicaid and NJ FamilyCare clients as reported by insurers to the State for the following reporting period shall be services dates between January 1, 2015 and December 31, 2015; and payment dates between January 1, 2015 and December 31, 2016; with a run date no later than January 31, 2017.
- (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 factor 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. Each hospital's managed care DME residency program cost is divided by the hospital's intern and resident FTEs to calculate the hospital DME cost per resident. The statewide median cost per resident is multiplied by each hospital's intern and resident FTEs to calculate the each hospital's managed care DME residency program cost. The residency program cost for each hospital is multiplied by each hospital's Medicaid managed care utilization factor to determine an estimated managed care DME intern and resident cost. Each

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TN: 17-0005 MA (NJ)

Supersedes: TN: 16-0008 MA (NJ)

Approval Date:

APR 09 2018

Effective Date:

JUL 01 2017

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)

Medicaid identified acute care general hospitals' 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 amount from section 12.4(a) above.

- (d) The Indirect Medical Education (IME) portion of GME for each Medicaid identified acute care general hospital is determined using the Medicare IME Formula. The Medicare Formula uses a ratio of submitted IME Resident FTEs to net available beds (less nursery beds) to develop the Indirect Medical Education Factor. The IME Factor is calculated using Medicare IME formula as follows: $1.35 * [(1+x)^{0.405} - 1]$ in which "x" is the ratio of submitted IME Resident FTEs to net available beds excluding nursery beds. This IME Factor is multiplied by the Medicaid Managed Care encounter payments for Medicaid and NJ Family Care payments as defined in (b) above 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) Hospitals participating in GME are required to complete and submit a report documenting opioid training compliance to the Department of Health no later than May 31, 2018.
- (f) Distribution of Graduate Medical Education (GME) in the Event of a Hospital Closure or Hospital Acquisition During or After State Fiscal Year (SFY) 2018: 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. If the acquiring hospital is not receiving GME FTEs from the closed or acquired hospital, the GME amount will be redistributed to all eligible hospitals by applying the current SFY GME payment formula excluding the closed or acquired hospital from the payment formula.
- (g) Appeal process for distribution of Graduate Medical Education (GME)

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IN: 17-0005 MA (NJ)

Supersedes: TN: 16-0008 MA (NJ)

Approval Date: **MAY 09 2018**

Effective Date: **JUL 01 2017**

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)

- (a) In the event that a hospital elects to appeal the subsidy allocation, the following procedure is to be adhered to:
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.

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Supersedes: TN: 16-0008 MA (NJ)

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