



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 information regarding the initial hospital Medicaid Managed Care (MMC) inpatient rates effective April 2, 2020 for Acute DRG, Exempt Hospitals, Exempt Hospital Units and Chemical Dependency Detoxification services.

These rates are based upon the same methodology and data used in the January 1, 2020 rates but take into consideration the following updates per the enacted State Fiscal Year (SFY) 2020-21 Budget:

- A reduction of 5% on all hospital inpatient budgeted capital rate add-ons.
- Elimination of Quality Pool Add-ons for Acute DRG rates, Specialty Hospital rates, Critical Access Hospital rates and applicable Chemical Dependency Rehabilitation and Medical Rehabilitation rates.
- Elimination of Sole Community Pool Add-ons for Acute DRG rates.

For payment of the April 2, 2020 rates, the July 1, 2018 service intensity weights (SIWs), average lengths of stay (ALOS) and cost outlier thresholds should continue to be utilized, as well as the 3M APR-DRG grouper version 34.

Plans are encouraged to process adjustments according to the terms of their provider contracts with hospitals. This includes any reprocessing that should occur consistent with those agreements.

Within the enclosed rate schedules, we have included MMC rates and informational Graduate Medical Education (GME) components, for the inpatient services listed below. Also enclosed are payment calculation files that display how each component from the schedules are used in the payment of a Medicaid claim.

- Acute Case Payment (Per Discharge)
- Specialty Hospitals - Long Term Acute Care, Cancer and Children's Hospitals (Per Diem)
- Psychiatric Exempt Unit (Per Diem)
- Psychiatric Adult Dual Diagnosis 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**

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 PHL 2807-c(33) but Excluding GME):** Acute per case payment to be used when a health plan contract is applicable or not applicable. This is the statewide price adjusted by ISAF (Column 3) and transition adjustments (where applicable).
2. **Default & Contract Statewide Base Price (Including PHL 2807-c(33)):** Statewide base price when a health plan contract is applicable or not applicable and is provided 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. **Indirect Medicaid Education Percentage (IME %):** Indirect Medical Education percentage and is provided for informational purposes only.
6. **Direct Medical Education (DME) Add-on:** Direct Medical Education per discharge add-on and is provided for informational purposes only.
7. **Capital Per Discharge (Excluding Non-Comparable Add-ons):** Capital per discharge add-on to be paid after application of SIW to the discharge rate.
8. **Ambulance Add-ons:** Ambulance per discharge add-on to be paid after application of SIW to the discharge rate.
9. **Teaching Election Amendment (TEA) Physicians Add-on:** TEA per discharge add-on to be paid after application of SIW to the discharge rate.
10. **School of Nursing Add-on:** School of Nursing per discharge add-on to be paid after application of SIW to the discharge rate.
11. **Minimum Wage Add-on:** Minimum Wage per discharge add-on to be paid after application of SIW to the discharge rate for those hospitals affected by the minimum wage increases.
12. **Capital Per Diem:** Capital per diem to be used when transfer payment on a per diem basis is being made.
13. **ALC Per Diem:** Alternate Level of Care per diem for those patients who no longer require acute hospital care and are awaiting placement or discharge.
14. **Indigent Care and Health Care Initiatives Surcharge:** Surcharge percentage obligation as authorized by Public Health Law 2807-j.

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):** Per diem rate for specialty long term acute care hospitals, cancer hospitals, and children's hospitals.
2. **Specialty Acute Hospital DME Add-on:** Direct Medical Education per diem for informational purposes only.
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 (age 18 and over):** 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). Since individuals age 18 and over are not eligible for an age adjustment factor, this column represents the billing rate

without any adjustment for the age factor (or any other adjustment factors related to Mental Retardation or Comorbidities).

- 4a. **Psychiatric Billing Rate (age 17 and under):** Rate from column 4 adjusted by 1.3597 age adjustment factor only (no adjustments related to Mental Retardation or Comorbidities).
5. **Psychiatric Non-Operating Billing Rate (w/out DME):** Capital portion of the billing rate.
6. **Psychiatric DME Add-on:** Direct Medical Education per diem for informational purposes only.
7. **Psychiatric ECT Payment:** Electroconvulsive Therapy (ECT) add-on (per treatment) which has been adjusted by the same ISAF as the statewide price.
8. **Psychiatric ALC Per Diem Rate:** Alternate Level of Care per diem for those patients who no longer require psychiatric services and are awaiting placement or discharge.
9. **Psychiatric Adult Dual Diagnosis Billing Rate:** Per diem rate for specialized hospital-based inpatient psychiatric units, certified by the Office of Mental Health, solely dedicated to the treatment of adults with diagnosis of both developmental disability and either serious mental illness or serious emotional disturbance.
10. **Chemical Dependency Rehabilitation Billing Rate (w/out DME):** Per diem rate for Alcohol and Drug Rehabilitation programs which are combined into one service type.
11. **Chemical Dependency Rehabilitation DME Add-on:** Direct Medical Education per diem for informational purposes only.
12. **Chemical Dependency Rehabilitation ALC Per Diem:** Alternate Level of Care per diem for those patients who no longer require Chemical Dependency Rehab services and are awaiting placement or discharge.
13. **Critical Access Hospital Billing Rate (w/out DME):** Per diem rate for those hospitals that are federally designated as Critical Access Hospitals.
14. **Critical Access Hospital ALC Per Diem:** Alternate Level of Care per diem for those patients who no longer require acute care and are awaiting placement or discharge.
15. **Medical Rehabilitation Billing Rate (w/out DME):** Per diem rate for medical rehabilitation services.
16. **Medical Rehabilitation DME Add-on:** Direct Medical Education per diem for informational purposes only.
17. **Medical Rehabilitation ALC Per Diem:** Alternate Level of Care per diem for patients who no longer require medical rehabilitation and are awaiting placement or discharge.
18. **Detox Medically Managed & Medically Supervised Withdrawal Billing Rates:** Per diem rates to be paid to hospitals with certified detox program by OASAS for medically managed/supervised services. These rates are published on a separate schedule.
19. **Indigent Care and Health Care Initiative Surcharge:** 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