

July 1, 2014

**New York State Department of Health
Division of Finance and Rate Setting
*New Teaching Hospital and Displaced Residents Policy***

(A) Base Year Definition:

- The Institutional Cost Report (ICR) data that is used in the acute hospital inpatient rate calculation to develop the rate add-ons.

(B) New Teaching Hospital: *The new teaching hospital policy will be implemented for discharges on or after January 1, 2014.*

1. Eligible for reimbursement:
 - a. New teaching hospital (from non-teaching to teaching status)
 - b. New residency programs only which are started by the new teaching hospital (not a program transferred – see ‘not eligible’ section, item b).
2. Not eligible for reimbursement:
 - a. New teaching program in an already existing teaching hospital.
 - b. Residency programs transferred to the new teaching hospital from an existing teaching hospital.
 - c. Affiliated existing teaching hospital training additional residents ‘based at’ the new teaching hospital. Affiliated hospital will not receive a rate adjustment.
3. Appeal requirements:
 - a. A hospital is required to submit a written request to the Department for additional reimbursement due to the new teaching status.
 - b. Effective date of the rate adjustment is the later of:
 - The first of the month following 60 days from the Department’s receipt of the written notification and documentation requesting a rate adjustment, or
 - July 1st of the program year.
 - c. Hospitals have 5 years to establish new programs (effective for CMS beginning 10/1/2012). This time period is viewed by CMS as a ‘ramp-up’ period. Appeals will only be accepted during this phase-in period.
 - d. Documentation required:
 - Completion of the Department’s standardized template (Form A).
 - Documentation from the accrediting organization demonstrating the maximum number of approved positions eligible for the associated programs.
 - Documentation from the new teaching hospital demonstrating the fill rate for each of the associated programs.
4. Additional reimbursement received based on:
 - a. The initial effective date of the rate increase due to an appeal will be in accordance with 3b above. This provides for reimbursement effective July 1st.
 - b. Subsequent appeals will be accepted on a calendar year basis during the phase-in period.

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- c. DME: Submission of budgeted DME costs until 1st full year of actual which will be the first full year after the last phase-in year.
 - DME budgeted costs can be submitted each year during the phase-in. These costs will need to be submitted via an appeal request by October 1st each year so that the budgeted costs may be included in the November 1st notice rates. If an appeal is not submitted with updated budgeted DME costs, the budgeted DME costs currently in the rate will continue.
 - At the time the department rebases, if the provider is still during its phase-in period, the new teaching costs will remain on budgeted costs.
 - The DME budgeted costs will be allocated between inpatient and outpatient services, however, there is no rate increase in the outpatient services for new teaching hospitals.
- d. IME: Reflected in revised staffing count based on a calendar year by weighting:
 - Actual filled slots for the July 1 academic year that began prior to January of the calendar year and,
 - New filled slots for the July 1 academic year beginning during the calendar year.
- e. IME residents will be calculated each calendar year using the weighting method until the program(s) reach full capacity for a full calendar year.

(C) Displaced Residents: The displaced residents policy will be implemented for discharges on or after July 1, 2014 and will be implemented at the same time as the updated cost base for the acute hospital inpatient rates.

1. Eligible for reimbursement:
 - a. Displaced residents due to the closing of a teaching hospital.
 - Hospitals that take in residents from a closed hospital after Jan 1st of the base year and before the next rebasing effective date.
 - The hospital takes in the residents for 6 months or more of needed training to complete the program from which they were displaced.
 - b. Multiple appeals can be submitted by a facility for additional hospital closures.
2. Not eligible for reimbursement:
 - a. Displaced residents due to the closing of a residency program.
 - b. Displaced residents due to teaching hospitals closing, requiring less than six months of training to complete the program from which they were displaced.
3. Appeal requirements:
 - a. A hospital is required to submit a written request to the Department for additional reimbursement due to displaced residents.
 - b. Effective date of the rate adjustment:
 - Effective the first day of the month following the later of:
 - i. The Department's receipt of the written notification and documentation requesting a rate adjustment, or
 - ii. The date the hospital has taken in the displaced residents.
 - Provider will receive no further adjustment for this specific hospital closure until the next rebasing.
 - c. Receiving a Medicare cap increase is not a requirement for submitting a Medicaid rate appeal.
 - d. Documentation required:
 - Completion of the Department's standardized template (Form B).

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- Documentation will not be required proving the continuance of the filled position post-graduation of the displaced resident.
 - The department will obtain information from the closing hospital pertaining to placement of the displaced residents.
4. Additional reimbursement received based on:
- a. The revised FTE count based on the added residents.
 - b. The added resident count will be for filled slots only at the time the hospital takes in the residents from a closed teaching hospital. No additional adjustment will be received if slots are subsequently filled after the hospital takes in the displaced residents.
 - c. DME cost calculation:
 - A cost per resident will be calculated using the current base year costs (as defined above) of the receiving hospital's Institutional Cost Report (ICR).
 - The cost per resident will be applied to the added increased FTE count.
 - d. IME: Additional residents will be reflected in the revised staffing count.