

**KENTUCKY MEDICAID PROGRAM
PUBLIC NOTICE
STATE UNIVERSITY TEACHING HOSPITALS**

In accordance with 42 CFR 440.386, the Cabinet for Health and Family Services (CHFS), Department for Medicaid Services (DMS) announces its intention to file a State Plan Amendment with the Centers for Medicare and Medicaid Services (CMS) no later than May 1, 2019, modifying the Kentucky Medicaid Program's reimbursement for teaching hospitals. The changes outlined below will become effective May 10, 2019.

Reimbursement:

For teaching hospitals, effective with state fiscal year ending June 30, 2019, the department shall provide an additional payment for the direct costs of graduate medical education as follows.

- a. A Supplemental Direct Graduate Medical Education (DGME) Payment shall be made:
 - (1) Separately from the per discharge and per diem payment methodologies; and
 - (2) On an annual basis corresponding to the hospital's fiscal year.
- b. The department shall determine a Total DGME Amount equal to the product of:
 - (1) Total direct graduate medical education costs, and
 - (2) The hospital's Medicaid utilization, calculated by dividing the total number of Medicaid inpatient days (including both fee for service and managed care days) by total inpatient days.
- c. The Supplemental DGME Payment shall equal the difference between the Total DGME Amount determined minus any payments made and any DGME payments received from managed care organizations.
- d. Only the portion of the DGME payment associated with Medicaid fee for service days shall count towards the upper payment limit.

For state teaching hospitals, effective with state fiscal year ending June 30, 2019, the department shall provide an annual IME payment as follows.

- a. The department shall make an annual IME payment to teaching hospitals in addition to the adjustments specified in subparagraphs 3.b and 4.b, equal to:
 - (1) The total of all operating base payments, as determined under subparagraph 3.a, received by the hospital during the previous year multiplied by the sum of one (1) and the adjusted hospital-specific education (IME) factor determined in accordance with subparagraph b, plus

- (2) The total of all capital base payments, as determined under subparagraph 4.a, received by the hospital during the previous year multiplied by the sum of one (1) and the adjusted hospital-specific education (IME) factor determined in accordance with subparagraph b, plus
 - (3) The total of all inpatient hospital payments received from managed care organizations in the previous year multiplied by the sum of one (1) and the adjusted hospital-specific education (IME) factor determined in accordance with subparagraph b, minus
 - (4) The amount of IME adjustments to the operating base rate received during the previous year pursuant to subparagraph 3.b, minus
 - (5) The amount of IME adjustments to the capital base rate received during the previous year pursuant to subparagraph 4.b, minus
 - (6) The amount of IME adjustments received from managed care organizations during the previous year.
- b. The adjusted hospital-specific operating IME factor shall be calculated pursuant to 42 C.F.R. § 412.105(d) except there shall be no caps on the number of FTE residents included in the formula.

Fiscal Impact:

There will be no fiscal impact to the Department for Medicaid Services.

Public Comments

Copies of this notice are available at each county's Department for Community Based Services (DCBS) office and at <https://chfs.ky.gov/agencies/dms/Pages/default.aspx> and <https://chfs.ky.gov/agencies/dms/Pages/publicnotices.aspx>. For the address of the local office, please see https://prdweb.chfs.ky.gov/Office_Phone/index.aspx.

A copy of this notice is available for public review at the Department for Medicaid Services at the address listed below. Comments or inquiries may be submitted in writing within thirty (30) days to:

Commissioner's Office
Department for Medicaid Services, 6W-A
275 E. Main Street
Frankfort, Kentucky 40621