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State/Territory Name: Texas

State Plan Amendment (SPA) #: TX 19-0020

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

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



Financial Management Group

August 15, 2023

Emily Zalkovsky
State Medicaid/CHIP Director
Health and Human Services Commission
Mail Code: H100
Post Office Box 13247
Austin, Texas 78711

RE: Texas State Plan Amendment (SPA) 19-0020

Dear Director Zalkovsky:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number 19-0020. The proposed amendment will allow the Texas Health and Human Services Commission (HHSC) to make Medicaid Direct Graduate Medical Education payments to non-government owned or operated teaching hospitals.

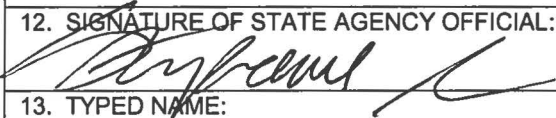
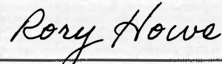
We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We have found that the proposed reimbursement methodology complies with applicable requirements and therefore have approved them with an effective date of April 1, 2019. This approval letter does not constitute approval of any specific Medicaid financing mechanism used to support the non-federal share of the payments relating to this SPA. All relevant federal laws and regulations apply. CMS reserves its authority to enforce requirements in the Social Security Act and implementing regulations, including by initiating separate deferrals and/or disallowances of federal financial participation. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please contact Diana Dinh at Diana.Dinh@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink that reads "Rory Howe". The signature is written in a cursive, flowing style.

Rory Howe
Director

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|---|--|---|---------------------------|
| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES | | 1. TRANSMITTAL NUMBER: 19-0020 | 2. STATE: TEXAS |
| | | 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: April 1, 2019 | |
| 5. TYPE OF PLAN MATERIAL (Circle One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT | | | |
| COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment) | | | |
| 6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR §440.10 and 42 CFR §440.20 | | 7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2019 \$ 24,158,412 b. FFY 2020 \$ 50,558,712 c. FFY 2021 \$ 51,546,803 | |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT TO BLOCKS 8 & 9 | | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT TO BLOCKS 8 & 9 | |
| 10. SUBJECT OF AMENDMENT: The proposed amendment will allow the Texas Health and Human Services Commission (HHSC) to make Medicaid GME payments to non-government owned or operated teaching hospitals. The non-federal share of the payments will be provided by local governmental entities using a method approved by HHSC and CMS. | | | |
| 11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL | | | |
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:  | | 16. RETURN TO: Stephanie Muth State Medicaid Director Post Office Box 13247, MC: H-100 Austin, Texas 78711 | |
| 13. TYPED NAME: Stephanie Muth | | | |
| 14. TITLE: State Medicaid Director | | | |
| 15. DATE SUBMITTED: June 28, 2019 | | | |
| FOR REGIONAL OFFICE USE ONLY | | | |
| 17. DATE RECEIVED: July 28, 2023 | | 18. DATE APPROVED: August 15, 2023 | |
| PLAN APPROVED – ONE COPY ATTACHED | | | |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: April 1, 2019 | | 20. SIGNATURE OF REGIONAL OFFICIAL:  | |
| 21. TYPED NAME: Rory Howe | | 22. TITLE: Director, FMG | |
| 23. REMARKS: | | | |

Inpatient Direct Graduate Medical Education (GME) Reimbursement, Continued

- (D) Inpatient direct medical education costs are removed from the reimbursement methodology and not used in the calculation of the provider's inpatient cost settlement.
 - (E) The DGME interim payments will be reimbursed on a Quarterly basis only after hospital services have been rendered. The interim payments will be payable within 90 days of the receipt of the hospital's quarterly FTE data. Each hospital's quarterly FTE data will be divided by 4 to determine the average FTE's for each quarter. The interim payments will be reconciled and settled based on audited final cost report.
- (a) Inpatient Direct Graduate Medical Education (GME) Cost Reimbursement for non-state government-owned and operated teaching hospitals.
- (1) Effective October 1, 2018, HHSC or its designee reimburses non-state government-owned and operated teaching hospitals Inpatient Direct Graduate Medical Education (GME) Cost for hospital cost reports ending in state fiscal year 2019.
 - (2) Definitions
 - (A) Non-state government-owned and operated teaching hospital - a hospital with a properly approved medical residency program that is owned and operated by a local government entity, including but not limited to, a city, county, or hospital district.
 - (B) FTE residents - the hospital's number of full time equivalent (FTE) interns, residents, or fellows who participate in a program that is determined by HHSC to be a properly approved medical residency program including a program in osteopathy, dentistry, or podiatry, as required in order to become certified by the appropriate specialty board.
 - (C) Medicare per resident amount (PRA) - average direct cost per medical resident, as reported on the Hospital Cost Report; CMS Form 2552-10; Worksheet E-4; Line 18.
 - (D) GME Medicaid inpatient utilization percentage - the hospital's proportion of paid Medicaid inpatient days, including managed care days, divided by the hospital's total inpatient days, as reported on Hospital Cost Report; CMS Form 2552-10; Worksheet S-3; Part 1; columns 7 and 8.
 - (3) HHSC calculates the total annual DGME payment for each hospital as follows:
 - (A) Multiplies the FTE residents by the Medicare per resident amount;
 - (B) Multiplies the result in (A) by the GME Medicaid inpatient utilization percentage.
 - (4) No payment under this section is dependent on any agreement or arrangement for providers or related entities to donate money or services to a governmental entity.

TN: 19-0020 Approval Date: August 15, 2023

Supersedes TN: 18-0024 Effective Date: 4/1/2019

Inpatient Direct Graduate Medical Education (GME) Reimbursement, Continued

- (b) Inpatient Direct GME Cost Reimbursement for non-government owned or operated hospitals.
- (1) Effective April 1, 2019, HHSC or its designee reimburses non-government owned or operated teaching hospitals Inpatient Direct GME cost for hospital cost reports ending in state fiscal year 2019 or later.
 - (2) Definitions
 - (A) Non-government owned or operated teaching hospital - a hospital with a properly approved medical residency program that is not both owned and operated by a government entity, including, but not limited to, a city, county, or hospital district.
 - (B) FTE residents - the hospital's number of full time equivalent (FTE) interns, residents, or fellows who participate in a program that is determined by HHSC to be a properly approved medical residency program including a program in osteopathy, dentistry, or podiatry, as required in order to become certified by the appropriate specialty board.
 - (C) Interim Medicare per resident amount (PRA) - If a hospital does not have a Medicare PRA reported on the Hospital Cost Report; CMS Form 2552-10; Worksheet E-4; Line 18, then HHSC shall establish an interim Medicare PRA as follows:
 - (i) The annual estimated cost of interns and residents will be the amount on Hospital Cost Report; CMS Form 2552-10; Worksheet B, Part I, Column 25, Line 118.
 - (ii) Divide the result in (i) by the FTE residents to determine the interim Medicare PRA.
 - (D) Medicare PRA - average direct cost per medical resident, as reported on the Hospital Cost Report; CMS Form 2552-10; Worksheet E-4; Line 18.
 - (E) GME Medicaid inpatient utilization percentage - the hospital's proportion of paid Medicaid inpatient days, including managed care days, divided by the hospital's total inpatient days, as reported on Hospital Cost Report; CMS Form 2552-10; Worksheet S-3; Part 1; columns 7 and 8.
 - (3) HHSC calculates the total annual GME payment for each hospital as follows:
 - (A) Multiplies the FTE residents by the Medicare per resident amount or the interim Medicare PRA;
 - (B) Multiplies the result in (A) by the GME Medicaid inpatient utilization percentage.
 - (4) No payment under this section is dependent on any agreement or arrangement for providers or related entities to donate money or services to a governmental entity.

TN: 19-0020 Approval Date: August 15, 2023

Supersedes TN: New Page Effective Date: 4/1/2019