



COMMONWEALTH of VIRGINIA
Office of the Governor

Janet Vestal Kelly
Secretary of Health and Human Resources

October 21, 2024

Todd McMillion
Director
Department of Health and Human Services
Centers for Medicare and Medicaid Services
233 North Michigan Ave., Suite 600
Chicago, Illinois 60601

Dear Mr. McMillion:

Attached for your review and approval is amendment 24-0020, entitled "Supplemental Payments for Acute Care Hospital Chain with Level One Trauma Center" to the Plan for Medical Assistance for the Commonwealth. I request that your office approve this change as quickly as possible.

Sincerely,

A handwritten signature in blue ink that reads "Janet V. Kelly".

Janet V. Kelly

Attachment

cc: Cheryl J. Roberts, Director, Department of Medical Assistance Services
CMS, Region III

Transmittal Summary

SPA 24-020

I. IDENTIFICATION INFORMATION

Title of Amendment: Supplemental Payments for Acute Care Hospital Chain with Level One Trauma Center

II. SYNOPSIS

Basis and Authority: The Code of Virginia (1950) as amended, § 32.1-325, grants to the Board of Medical Assistance Services the authority to administer and amend the Plan for Medical Assistance. The Code of Virginia (1950) as amended, § 32.1-324, authorizes the Director of the Department of Medical Assistance Services (DMAS) to administer and amend the Plan for Medical Assistance according to the Board's requirements.

Purpose: In accordance with the 2024 Acts of Assembly, Item 288.OO.10, this SPA makes supplemental payments through an adjustment to the formula for indirect medical education (IME) reimbursement, using managed care discharge days, for an acute care hospital chain with a level one trauma center in the Tidewater Metropolitan Statistical Area (MSA) in 2020, upon the execution of affiliation agreements with public entities that are capable of transferring funds to the department for purposes of covering the nonfederal share of the authorized payments. Such public entities would enter into an Interagency Agreement with the department for this purpose. Public entities are authorized to use general fund dollars to accomplish this transfer. The funds to be transferred must comply with 42 CFR 433.51 and 433.54. As part of the Interagency Agreements the department shall require the public entities to attest to compliance with applicable CMS criteria. The department shall also require any private hospital and related health systems receiving payments under this Item to attest to compliance with applicable CMS criteria.

Substance and Analysis: The section of the State Plan that is affected by this amendment is "Methods and Standards for Establishing Payment Rates-Inpatient Services"

Impact: The expected increase in annual fee-for-service aggregate expenditures is \$17,200,000 in state general funds and \$25,800,000 in federal funds in federal fiscal year 2025, and \$17,531,100 in state general funds and \$25,468,900 in federal funds in federal fiscal year 2026.

Tribal Notice: Please see attached.

Prior Public Notice: See Attached.

Public Comments and Agency Analysis: Please see attached.



Outlook

Tribal Notice – Supplemental Payments for Acute Care Hospital Chain with Level One Trauma Center

From Lee, Meredith (DMAS) <Meredith.Lee@dmas.virginia.gov>

Date Tue 10/1/2024 7:39 AM

To TribalOffice@MonacanNation.com <TribalOffice@MonacanNation.com>; Ann Richardson <chiefannerich@aol.com>; pamelathompson4@yahoo.com (pamelathompson4@yahoo.com) <pamelathompson4@yahoo.com>; rappahannocktrib@aol.com (rappahannocktrib@aol.com) <rappahannocktrib@aol.com>; regstew007@gmail.com (regstew007@gmail.com) <regstew007@gmail.com>; Gray, Robert <robert.gray@pamunkey.org>; Adrian Compton <tribaladmin@monacannation.com>; chiefstephenadkins@gmail.com (chiefstephenadkins@gmail.com) <chiefstephenadkins@gmail.com>; bradbybrown@gmail.com (bradbybrown@gmail.com) <bradbybrown@gmail.com>; tabitha.garrett@ihs.gov (tabitha.garrett@ihs.gov) <tabitha.garrett@ihs.gov>; kara.kearns@ihs.gov (kara.kearns@ihs.gov) <kara.kearns@ihs.gov>; ReBecca.Robinson@ihs.gov <ReBecca.Robinson@ihs.gov>; davehennaman@gmail.com <davehennaman@gmail.com>; administrator@nansemond.gov <administrator@nansemond.gov>; info@afwellness.com <info@afwellness.com>; info@fishingpointhc.com <info@fishingpointhc.com>; contact@Nansemond.gov <contact@Nansemond.gov>; brandon.custalow@mattaponination.com <brandon.custalow@mattaponination.com>; admin@umitribe.org <admin@umitribe.org>; Reels-Pearson, Lorraine (IHS/NAS/AO) <Lorraine.Reels-Pearson@ihs.gov>

1 attachments (223 KB)

10-01-24 Tribal Notice Letter_signed by CR.pdf;

Dear Tribal Leaders and Indian Health Programs:

Attached is a Tribal Notice letter from Virginia Medicaid Director, Cheryl Roberts, indicating that the Department of Medical Assistance Services (DMAS) plans to submit a State Plan Amendment (SPA) to the federal Centers for Medicare and Medicaid Services. This SPA will allow DMAS to make supplemental payments through an adjustment to the formula for indirect medical education (IME) reimbursement, using managed care discharge days, for an acute care hospital chain with a level one trauma center in the Tidewater Metropolitan Statistical Area (MSA) in 2020, upon the execution of affiliation agreements with public entities that are capable of transferring funds to the department for purposes of covering the nonfederal share of the authorized payments.

If you would like a copy of the SPA documents or proposed text changes, or if you have any questions, please let me know.

Thank you! -- Meredith Lee

Meredith Lee
Policy, Regulations, and Manuals Supervisor
Policy Division
Department of Medical Assistance Services
meredith.lee@dmas.virginia.gov, (804) 371-0552
Hours: 7:00 am - 3:30 pm (Monday-Friday)
www.dmas.virginia.gov





COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

CHERYL J. ROBERTS
DIRECTOR

SUITE 1300
600 EAST BROAD STREET
RICHMOND, VA 23219
804/786-7933
800/343-0634 (TDD)
www.dmas.virginia.gov

October 1, 2024

SUBJECT: Notice of Opportunity for Tribal Comment – State Plan Amendment related to Supplemental Payments for Acute Care Hospital Chain with Level One Trauma Center.

Dear Tribal Leader and Indian Health Programs:

This letter is to notify you that the Department of Medical Assistance Services (DMAS) is planning to amend the Virginia State Plan for Medical Assistance with the Centers for Medicare and Medicaid Services (CMS). Specifically, DMAS is providing you notice about a State Plan Amendment (SPA) that the Agency will file with CMS in order to make supplemental payments through an adjustment to the formula for indirect medical education (IME) reimbursement, using managed care discharge days, for an acute care hospital chain with a level one trauma center in the Tidewater Metropolitan Statistical Area (MSA) in 2020, upon the execution of affiliation agreements with public entities that are capable of transferring funds to the department for purposes of covering the nonfederal share of the authorized payments, in accordance with Item 288.OO.10 of the 2024 Appropriations Act.

Such public entities would enter into an Interagency Agreement with the department for this purpose. Public entities are authorized to use general fund dollars to accomplish this transfer. The funds to be transferred must comply with 42 CFR 433.51 and 433.54. As part of the Interagency Agreements the department shall require the public entities to attest to compliance with applicable CMS criteria. The department shall also require any private hospital and related health systems receiving payments under this Item to attest to compliance with applicable CMS criteria.

We realize that the changes in this SPA may impact Medicaid members and providers, including tribal members and providers. Therefore, we encourage you to let us know if you have any comments or questions. The tribal comment period for this SPA is open through October 31, 2024. You may submit your comments directly to Meredith Lee, DMAS Policy Division, by phone (804) 371-0552, or via email: Meredith.Lee@dmas.virginia.gov. Finally, if you prefer regular mail you may send your comments or questions to:

Virginia Department of Medical Assistance Services
Attn: Meredith Lee
600 East Broad Street
Richmond, VA 23219

Please forward this information to any interested party.

Sincerely,

A handwritten signature in black ink, appearing to read "Cheryl J. Roberts, JD". The signature is written in a cursive, flowing style with a large, prominent initial "C".

Cheryl J. Roberts, JD
Director



Agency

Department of Medical Assistance Services

Board

Board of Medical Assistance Services

[Edit Notice](#)

General Notice

Public Notice - Intent to Amend State Plan - Supplemental Payments for Acute Care Hospital Chain with Level One Trauma Center

Date Posted: 10/1/2024

Expiration Date: 4/1/2025

Submitted to Registrar for publication: YES

[30 Day Comment Forum](#) is underway. Began on 10/1/2024 and will end on 10/31/2024

**LEGAL NOTICE
COMMONWEALTH OF VIRGINIA
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES
NOTICE OF INTENT TO AMEND**

(Pursuant to §1902(a)(13) of the *Act (U.S.C. 1396a(a)(13))*)

THE VIRGINIA STATE PLAN FOR MEDICAL ASSISTANCE

This Notice was posted on October 1, 2024

The Virginia Department of Medical Assistance Services (DMAS) hereby affords the public notice of its intention to amend the Virginia State Plan for Medical Assistance to provide for changes to the *Methods and Standards for Establishing Payment Rates—Inpatient Services (12 VAC 30-70-291)*.

This notice is intended to satisfy the requirements of 42 C.F.R. § 447.205 and of § 1902(a)(13) of the *Social Security Act*, 42 U.S.C. § 1396a(a)(13). A copy of this notice is available for public review from Meredith Lee, DMAS, 600 Broad Street, Suite 1300, Richmond, VA 23219, or via e-mail at: Meredith.Lee@dmas.virginia.gov.

DMAS is specifically soliciting input from stakeholders, providers, and beneficiaries on the potential impacts of the proposed changes discussed in this notice. Comments or inquiries may be submitted, in writing, within 30 days of this notice publication to Meredith Lee and such comments are available for review upon request. Comments may also be submitted, in writing, on the Town Hall public comment forum attached to this notice.

This notice is available for public review on the Regulatory Town Hall (www.townhall.com), on the General Notices page, found at: <https://townhall.virginia.gov/L/generalnotice.cfm>

In accordance with the 2024 Acts of Assembly, Item 288.OO.10, the state plan is being revised to:

Methods and Standards for Establishing Payment Rates—Inpatient Services (12 VAC 30-70)

The state plan is being revised to make supplemental payments through an adjustment to the formula for indirect medical education (IME) reimbursement, using managed care discharge days, for an acute care hospital chain with a level one trauma center in the Tidewater Metropolitan Statistical Area (MSA) in 2020, upon the execution of

affiliation agreements with public entities that are capable of transferring funds to the department for purposes of covering the nonfederal share of the authorized payments. Such public entities would enter into an Interagency Agreement with the department for this purpose. Public entities are authorized to use general fund dollars to accomplish this transfer. The funds to be transferred must comply with 42 CFR 433.51 and 433.54. As part of the Interagency Agreements the department shall require the public entities to attest to compliance with applicable CMS criteria. The department shall also require any private hospital and related health systems receiving payments under this Item to attest to compliance with applicable CMS criteria.

The expected increase in annual fee-for-service aggregate expenditures is \$17,200,000 in state general funds and \$25,800,000 in federal funds in federal fiscal year 2025, and \$17,531,100 in state general funds and \$25,468,900 in federal funds in federal fiscal year 2026.

Contact Information

| | |
|-----------------------|--|
| Name / Title: | Meredith Lee / <i>Policy, Regulations, and Manuals Supervisor</i> |
| Address: | 600 E. Broad St., Suite 1300 Richmond, 23219 |
| Email Address: | Meredith.Lee@dmas.virginia.gov |
| Telephone: | (804)371-0552 FAX: (804)786-1680 TDD: (800)343-0634 |

This general notice was created by Meredith Lee on 10/01/2024 at 7:11am



Public comment forums

Make your voice heard! Public comment forums allow all Virginia's citizens to participate in making and changing our state regulations.

[See our public comment policy](#)

Currently showing **1** comment forums closed within the last 1 days for the Board of Medical Assistance Services.

- [Recently closed](#)
- [Recently opened](#)
- [Active Forums](#)
- [More filter options](#)

Regulatory Activity Forums (1)

[Guidance Document Forums \(0\)](#)

[Actions \(\)](#)
 [Periodic Reviews \(\)](#)
 [Petitions for Rulemaking \(\)](#)
 [General Notices \(1\)](#)

Board of Medical Assistance Services

| | | |
|-------------------------------|---|---|
| View Comments | Public Notice - Intent to Amend State Plan - Supplemental Payments for Acute Care Hospital Chain with Level One Trauma Center | <p>General Notice</p> <p>Public Notice - Intent to Amend State Plan - Supplemental Payments for Acute Care Hospital Chain with Level One Trauma Center</p> <p>Closed: 10/31/24 0 comments</p> |
|-------------------------------|---|---|

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT SERVICES

~~A. C.~~ An additional IME payment shall be made for inpatient hospital services provided to Medicaid patients but reimbursed by capitated managed care providers.

1. For Type Two hospitals, this payment shall be equal to the hospital's hospital specific operating rate per case, as determined in 12 VAC 30-70-311, times the hospital's HMO paid discharges times the hospital's IME percentage, as determined in subsection B of this section.

2. For Type One hospitals, this payment shall be equal to the hospital's hospital specific operating rate per case, as determined in 12 VAC 30-70-311, times the hospital's HMO paid discharges times the hospital's IME percentage, as determined in subsection B of this section. Effective April 1, 2012, the operating rate per case used in the formula shall be revised to reflect an adjustment factor of one and case mix adjusted by multiplying the operating rate per case in this subsection by the weight per case for FFS discharges that is determined during rebasing. This formula applied to CHKD effective July 1, 2017.

3. For CHKD, effective July 1, 2022, the IME reimbursement for managed care discharges shall be calculated using a case mix adjustment factor the greater of 3.2962 or the most recent rebasing. Total payments for IME in combination with other payments for CHKD may not exceed the hospital's Medicaid costs.

4. Effective July 1, 2024, an additional IME payment for managed care discharges shall be made annually to an acute care hospital with a level one trauma center in the Tidewater Metropolitan Statistical Area (MSA) in 2020. The payment shall be based on the formula for Type One hospitals in paragraph 2 (using an IME percentage as determined in subsection B of this section) minus the IME payment for managed care discharges based on the formula for Type Two hospitals in paragraph 1. This additional IME payment shall not exceed \$43 million in FY25. In future years, the payment shall be determined at the beginning of the fiscal year using the most current information available and shall be final.

~~B. D.~~ An additional IME payment not to exceed \$200,000 in total shall be apportioned among Type Two Hospitals excluding freestanding children's hospitals with Medicaid NICU utilization in excess of 50 percent as reported to the Department of Medical Assistance Services as of March 1, 2004. These payments shall be apportioned based on each eligible hospital's percentage of Medicaid NICU patient days relative to the total of these days among eligible hospitals as reported by March 1, 2004.

~~C. E.~~ An additional IME not to exceed \$500,000 in total shall be apportioned among Type Two hospitals, excluding freestanding children's hospitals, with Medicaid NICU days in excess of 4,500 as reported to the Department of Medical Assistance Services as of March 1, 2005, that do not otherwise receive an additional IME payment under subsection D of this section. These payments shall be total of these days among eligible hospitals as reported by March 1, 2003.

~~D. F.~~ Effective July 1, 2013, total payments of IME in combination with other payments for freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009 may not exceed the federal uncompensated care cost limit that disproportionate share hospital payments are subject to. Effective July 1, 2017, IME payments cannot exceed the federal uncompensated care cost limit to which disproportionate share hospital payments are subject, excluding third party reimbursement for Medicaid eligible patients.

~~E. G.~~ Effective July 1, 2018, an additional \$362,360 IME payment shall be added to the IME payment calculated in Section B.2 for the Children's National Medical Center.

TN No. 22-0017

Approval Date November 23, 2022

Effective Date 7/1/2022

Supersedes

TN No. 21-015

HCFA ID:

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2. STATE

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX

XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

5. FEDERAL STATUTE/REGULATION CITATION

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY _____ \$ _____

b. FFY _____ \$ _____

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)


9. SUBJECT OF AMENDMENT

10. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT
COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:
Secretary of Health and Human Resources

11. SIGNATURE OF STATE AGENCY OFFICIAL



15. RETURN TO

12. TYPED NAME

13. TITLE

14. DATE SUBMITTED

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT SERVICES

C. An additional IME payment shall be made for inpatient hospital services provided to Medicaid patients but reimbursed by capitated managed care providers.

1. For Type Two hospitals, this payment shall be equal to the hospital's hospital specific operating rate per case, as determined in 12 VAC 30-70-311, times the hospital's HMO paid discharges times the hospital's IME percentage, as determined in subsection B of this section

2. For Type One hospitals, this payment shall be equal to the hospital's hospital specific operating rate per case, as determined in 12 VAC 30-70-311, times the hospital's HMO paid discharges times the hospital's IME percentage, as determined in subsection B of this section. Effective April 1, 2012, the operating rate per case used in the formula shall be revised to reflect an adjustment factor of one and case mix adjusted by multiplying the operating rate per case in this subsection by the weight per case for FFS discharges that is determined during rebasing. This formula applied to CHKD effective July 1, 2017.

3. For CHKD, effective July 1, 2022, the IME reimbursement for managed care discharges shall be calculated using a case mix adjustment factor the greater of 3.2962 or the most recent rebasing. Total payments for IME in combination with other payments for CHKD may not exceed the hospital's Medicaid costs.

4. Effective July 1, 2024, an additional IME payment for managed care discharges shall be made annually to an acute care hospital with a level one trauma center in the Tidewater Metropolitan Statistical Area (MSA) in 2020. The payment shall be based on the formula for Type One hospitals in paragraph 2 (using an IME percentage as determined in subsection B of this section) minus the IME payment for managed care discharges based on the formula for Type Two hospitals in paragraph 1. This additional IME payment shall not exceed \$43 million in FY25. In future years, the payment shall be determined at the beginning of the fiscal year using the most current information available and shall be final.

D. An additional IME payment not to exceed \$200,000 in total shall be apportioned among Type Two Hospitals excluding freestanding children's hospitals with Medicaid NICU utilization in excess of 50 percent as reported to the Department of Medical Assistance Services as of March 1, 2004. These payments shall be apportioned based on each eligible hospital's percentage of Medicaid NICU patient days relative to the total of these days among eligible hospitals as reported by March 1, 2004.

E. An additional IME not to exceed \$500,000 in total shall be apportioned among Type Two hospitals, excluding freestanding children's hospitals, with Medicaid NICU days in excess of 4,500 as reported to the Department of Medical Assistance Services as of March 1, 2005, that do not otherwise receive an additional IME payment under subsection D of this section. These payments shall be total of these days among eligible hospitals as reported by March 1, 2003.

F. Effective July 1, 2013, total payments of IME in combination with other payments for freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009 may not exceed the federal uncompensated care cost limit that disproportionate share hospital payments are subject to. Effective July 1, 2017, IME payments cannot exceed the federal uncompensated care cost limit to which disproportionate share hospital payments are subject, excluding third party reimbursement for Medicaid eligible patients.

G. Effective July 1, 2018, an additional \$362,360 IME payment shall be added to the IME payment calculated in Section B.2 for the Children's National Medical Center.

TN No. 24-0020 Approval Date _____ Effective Date 11/1/2024
Supersedes

TN No. 22-0017

HCFA ID: