

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INPATIENT HOSPITAL SERVICES**

VI. PER DISCHARGE PROSPECTIVE PAYMENT METHODOLOGY FOR HOSPITALS (continued)**F. Appeals (continued)****2. The following items are not subject to appeal:**

- a. Use and computation of DRG relative weights;
- b. Use and computation of peer group classification variables;
- c. Use and computation of hospital base rates;
- d. Use and computation of outlier adjustment factor;
- e. Use and computation of direct medical education supplemental pool;
- f. Use and computation of supplemental payment adjustment pool.

VII. GRADUATE MEDICAL EDUCATION ACTIVITIES

The OHCA will make payment adjustments for Direct and Indirect Medical Education Costs.

A. Direct Medical Education (DME)

Effective June 1, 1999, in-state qualified teaching hospitals will receive a payment adjustment for Fee For Service (FFS) direct medical education (DME) expenses. These payments will be made in order to encourage training in rural hospital and primary care settings.

1. Definitions

For purposes of this amendment, the following definitions apply:

- a. **Affiliation** – means a written agreement to support the costs of medical residency education in an approved medical residency education program.
- b. **Approved Medical Residency Program** – means a program approved by the Accreditation Council for Graduate Medical Education (ACGME) of the American Medical Association, by the Bureau of Professional Education of the American Osteopathic Association, or other professional accrediting associations. The Medical residency programs are those required for certification by the appropriate specialty board.

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VII. GRADUATE MEDICAL EDUCATION ACTIVITIES (continued)**A. Direct Medical Education (DME)(continued)****1. Definitions (continued)**

- c. FTE – stands for full-time equivalent. A FTE is defined as a resident assigned by the residency program to a rotation that is in a hospital or hospital-based facility for 173 hours or more for the month.
- d. Resident - defined as a Post-Graduate Year I (PGYI) and above resident who participates through hospital-based rotations in approved medical residency/internship programs in family medicine, internal medicine, pediatrics, surgery, ophthalmology, psychiatry, obstetrics/gynecology, anesthesiology, osteopathic medicine or other residency program, including specialties and subspecialties. The medical residency programs are those required for certification by the appropriate specialty board.
- e. Resident Month - defined as a resident/intern FTE for a given month.
- f. Major Teaching Hospital - defined as a teaching hospital with 150 or more FTE residents enrolled in teaching programs.
- g. Public/Private Hospital - defined as a hospital owned by the State of Oklahoma that has entered into a joint operating agreement with a private hospital system.

2. Eligibility

- a. In order to qualify as a teaching hospital and be deemed eligible for DME payment adjustments, the hospital must:
 - i. be licensed by the State of Oklahoma; and
 - ii. have costs associated with approved or certified Oklahoma medical residency programs in medicine, osteopathic medicine and/or associated specialties and sub-specialties; and

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VII. GRADUATE MEDICAL EDUCATION ACTIVITIES (continued)**A. Direct Medical Education (DME) (continued)****2. Eligibility (continued)**

- iii. apply for certification to the OHCA prior to receiving payments for any quarter during a State Fiscal Year. To qualify, a hospital must have a contract with the OHCA to provide Medicaid services and belong to The Council on Teaching Hospitals or otherwise show proof of affiliation with an approved Medical Education Program.
- b. Federal and State Hospitals, including Veteran's Administration, Indian Health Service/Tribal Facilities, and Oklahoma Department of Mental Health and Substance Abuse Services facilities are not eligible for DME payments under this section.

3. Determination of the Count of Eligible Resident FTE

The resident must be assigned to a specific hospital for a supervised hospital-based experience. Required residency, clinical or educational experience will be allowed. Rotations that are primarily clinical, even though involving some hospital training are not counted as resident-months. Training outside the formal residency program (moonlighting and overtime) is not eligible for this payment.

4. Reporting Requirements

Determination of a hospital's eligibility for a DME payment adjustment will be done quarterly by the OHCA based on reports designed by the OHCA. The reports will detail the resident-months of support provided by the hospital and be attested to by the hospital's administrator or designated personnel and by the residency program director. The hospitals, at a minimum, will report the resident's name, Social Security Number, hours worked, total assigned resident-months for the quarter and department of assignment. The reports will be subject to audit and payments will be recouped for inaccurate or false data. The reported resident months will also be periodically compared to the annual budgets of three schools, the Annual CMS form 2552 (Cost Report) and the monthly assignment schedules prepared by the schools.

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VII. GRADUATE MEDICAL EDUCATION ACTIVITIES (continued)**A. Direct Medical Education (continued)****5. Determination of Amount of Payment and Allocation of Funds**

- a. An annual fixed DME pool will be established not to exceed the base amount of \$16,268,148 trended forward for inflation. The amount of the funding pool shall be determined based on the estimated cost of Title XIX direct graduate medical education from CMS-2552 cost report data.
- b. The payments will be distributed quarterly based on the relative value of the eligible hospitals' resident-months weighted for Medicaid Services rendered. The relative value is determined as follows:
 - i. Annually (prior to each state fiscal year) the OHCA will determine each hospital's individual acuity factor from paid claims data and current median rates taken from the Oklahoma MMIS system. The acuity factor will be determined as follows:
 1. The current median rates for the levels of care (described in 4.19A, page 3) will be weighted by setting the value of the median rate for the routine level of care at 1:(i.e., the individual median rates will be weighted by dividing each by the value of the median rate for routine care.)
 2. The previous calendar year days of service rendered by each hospital by the levels of care will be determined from the Oklahoma MMIS system.
 3. For each hospital the number of days in each level of care will be multiplied by the weight determined for that level of care in (a) above. The total of these calculations will be added and divided by the total days of service in all levels of care to determine the total acuity factor for each hospital.
 - ii. Determine the total resident months from the quarterly reports in 4 above for each hospital.
 - iii. Determine the total Medicaid eligible patient days for the quarter from the reports in 4 above for each hospital.
 - iv. The relative value for each hospital is the product of the total resident months (determined in step 2) times the total patient days (determined in step 3 above) times the hospital's acuity factor (determined in step 1 above).

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VII. GRADUATE MEDICAL EDUCATION ACTIVITIES (continued)**A. Direct Medical Education (continued)****5. Determination of Amount of Payment and Allocation of Funds (continued)**

- c. The payment per resident per month (PRPM) will be limited to \$11,000 and the total payments will be limited to and not exceed the upper payment limits described in 6 below.

6. Upper Payment Limit

If payment in section VII.AS causes total payments to exceed Medicare upper limits as required by CFR 447.272, the amount of payments over the limit will be recouped based on the total resident-months for that fiscal year. The upper payment limits will be determined in advance of the fiscal year from a compilation of the total allowable costs for all hospitals reported on the latest available CMS 2552 cost reports compared to the reimbursement (including spend-down, TPL, and co-payments) for the same periods as reported through the State MMIS.

B. Indirect Medical Education (IME) Adjustment

Effective February 11, 1999, acute care hospitals that qualify as major teaching hospitals will receive ana Fee For Service (FFS) indirect medical education (IME) payment adjustment which covers the increased operating or patient care costs that are associated with approved intern and resident programs.

1. Eligibility

In order to qualify as a major teaching hospital and be deemed eligible for an IME adjustment, the hospital or hospitals of common ownership or management must:

- a. belong to the Council on Teaching Hospitals or have a medical school affiliation; and
 - b. be licensed by the State of Oklahoma; and
 - c. Have 150 or more full-time equivalent (FTE) residents enrolled in approved teaching programs.
- Eligibility for an IME adjustment will be determined by the OHCA using the provider's most recently received cost report or the application described in paragraph VII.B.2 for the quarterly Direct Medical Education Payment.

2. Calculation of Payment Amounts

- a. An annual fixed IME payment pool will be established and is not to exceed the base 2002 amount of \$22,023,994 trended forward for inflation. The base year amount will be updated annually each July 1 using the first quarter publication of the DRI PPS-type hospital market basket forecast for the midpoint of the upcoming fiscal year. The pool of funds will be distributed annually each state fiscal year and in equal amounts to the qualifying groups. For the Oklahoma City area, the qualifying group consists of the single hospital, the OU Medical Center. Payment will be made to the University Hospital Trust, the owner/operator of the OU Medical Center. In the Tulsa area, the hospitals under common management, the OSU Medical Center and St. John's, are the members of the qualifying group. The payment will be made equally to the two qualifying hospitals in the Tulsa Group.
- b. If payment in paragraph VII.B.2 causes total payments to exceed Medicare upper limits as required by 42 CFR 447.272, the payment in paragraph VII.B.2 will be reduced to not exceed the Medicare upper limit.

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VII. GRADUATE MEDICAL EDUCATION ACTIVITIES (continued)

B. Indirect Medical Education (DME) Adjustment (continued)

1. Eligibility (continued)

- d. Have 150 or more full-time equivalent (FTE) residents enrolled in approved teaching programs.

Eligibility for an IME adjustment will be determined by the OHCA using the provider's most recently received cost report or the application described in paragraph VII.B.2 for the quarterly Direct Medical Education Payment.

2. Calculation of Payment Amounts

- a. An annual fixed IME payment pool will be established and is not to exceed the base 2002 amount of \$22,023,994 trended forward for inflation. The base year amount will be updated annually each July 1 using the first quarter publication of the DRI PPS-type hospital market basket forecast for the midpoint of the upcoming fiscal year. The pool of funds will be distributed annually each state fiscal year and in equal amounts to the qualifying groups. For the Oklahoma City area, the qualifying group consists of the single hospital, the OU Medical Center. Payment will be made to the University Hospital Trust, the owner/operator of the OU Medical Center. In the Tulsa area, the hospitals under common management, the OSU Medical Center and St. John's, are the members of the qualifying group. The payment will be made equally to the two qualifying hospitals in the Tulsa Group.
- b. If payment in paragraph VII.B.2 causes total payments to exceed Medicare upper limits as required by 42 CFR 447.272, the payment in paragraph VII.B.2 will be reduced to not exceed the Medicare upper limit.

C. Managed Care IME

1. Definitions

- a. Residents - The number of full-time equivalent (FTE) interns and residents in approved training programs for an eligible hospital as reported on the most recent CMS Form 2552, Worksheet E, Part A, Line 10, Column 1 plus Worksheet E, Part A, Line 11, Column 1.
- b. Beds - The total number of bed days available as reported on the most recent CMS Form 2552, Worksheet E, Part A, Line 4, Column 1.
- c. Average Daily Census (ADC) – Total inpatient days divided by the number of days in the reporting period as reported on the most recent CMS Form 2552, Worksheet L, Part I, Line 3, Column 1.

2. Eligibility

Eligible hospitals are Oklahoma hospitals providing inpatient or outpatient services that are owned or operated by a public trust established pursuant to section 63-3224 or section 63-3290 of the Oklahoma Statutes and who are affiliated with an accredited medical school.

3. Determination of Amount of Payment and Allocation of Funds

- a. The amount of indirect GME payments for eligible teaching hospitals is calculated using the hospital's ratio residents to beds and Medicaid payments as follows:
- i. Calculate each hospital's indirect medical education percentage = $2.27 \times ((1 + (\text{Residents}/\text{the lesser of Beds or ADC}))^{0.405} - 1)$
 - ii. Multiply the results computed in 3.a.i of this subsection by the hospital's Medicaid managed care inpatient payments, including any inpatient payments made through state-directed payment programs.

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**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE****Effective Dates for Reimbursement Rates for Specified Services:**

Reimbursement rates for the services listed on this introduction page are effective for services provided on or after that date with two exceptions:

1. Medicaid reimbursement using Medicare rates are updated annually based on the methodology specified in Attachment 4.19-B, Methods and Standards for Establishing Payment Rates.
2. Medicaid reimbursement using Medicare codes are updated and effective on the first of each quarter based on the methodology specified in Attachment 4.19-B, Methods and Standards for Establishing Payment Rates.

Payment methods for each service are defined in Attachment 4.19-B, Methods and Standards for Establishing Payment Rates, as referenced. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of outpatient services. The fee schedule is published on the agency's website at www.okhca.org/feeschedules.

In the event an out-of-state provider will not accept the payment rate established in Attachment 4.19-B, Methods and Standards for Establishing Rates, the state will either: a) negotiate a reimbursement rate equal to the rate paid by Medicare, unless otherwise specified in the plan; or b) services that are not covered by Medicare, but are covered by the plan, will be reimbursed as determined by the State.

Service	State Plan Page	Effective Date
Outpatient Hospital Services	Attachment 4.19-B, Page 1	October 1, 2019
A. Emergency Room Services		October 1, 2019
B. Outpatient Surgery	Attachment 4.19-B, Page 1a	October 1, 2019
C. Dialysis Services		October 1, 2019
D. Ancillary Services, Imaging and Other Diagnostic Services		February 1, 2021
E. Therapeutic Services		
F. Clinic Services and Observation/Treatment Room	Attachment 4.19-B, Page 1b	October 1, 2019
H. Partial Hospitalization Program Services		October 1, 2019
I. Managed Care Indirect Medical Education Adjustment	Attachment 4.19-B, Page 1c	March 1, 2025
Clinical Laboratory Services	Attachment 4.19-B, Page 2b	October 1, 2019
Physician Services	Attachment 4.19-B, Page 3	October 1, 2019
Home Health Services	Attachment 4.19-B, Page 4	October 1, 2019
Free-Standing Ambulatory Surgery Center-Clinic Services	Attachment 4.19-B, Page 4b	October 1, 2019
Dental Services	Attachment 4.19-B, Page 5	October 1, 2019
Transportation Services	Attachment 4.19-B, Page 6	October 1, 2019
Psychological Services	Attachment 4.19-B, Page 8	July 1, 2022
Eyeglasses	Attachment 4.19-B, Page 10.1	October 1, 2019
Personal Care Services	Attachment 4.19-B, Page 11	January 1, 2024
Nurse Midwife Services	Attachment 4.19-B, Page 12	October 1, 2019
Hospice Care	Attachment 4.19-B, Page 13	January 1, 2025
Family Planning Services	Attachment 4.19-B, Page 15	October 1, 2019
Renal Dialysis Facilities	Attachment 4.19-B, Page 19	October 1, 2019
Other Practitioners' Services		
• Anesthesiologists	Attachment 4.19-B, Page 20	October 1, 2019
• Certified Registered Nurse Anesthetists (CRNAs) and Anesthesiologist Assistants	Attachment 4.19-B, Page 20a	October 1, 2019
• Physician Assistants	Attachment 4.19-B, Page 21	October 1, 2019
Nutritional Services	Attachment 4.19-B, Page 21-1	October 1, 2019
4.b. EPSDT		
• Partial Hospitalization Program Services	Attachment 4.19-B, Page 17	April 1, 2019
• Emergency Hospital Services	Attachment 4.19-B, Page 28.1	October 1, 2019
• Speech and Audiologist	Attachment 4.19-B, Page 28.2	February 1, 2021
Therapy Services, Physical Therapy Services, and Occupational Therapy Services		October 1, 2019
• Hospice Services	Attachment 4.19-B, Page 28.4	

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METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

Outpatient Hospital Reimbursement (continued)

I. Managed Care Indirect Medical Education (IME) Adjustment

Effective March 1, 2025, supplemental graduate medical education (GME) outpatient payments shall be made to eligible teaching hospitals using the methodologies described in this section. These supplemental GME payments are in recognition of the Medicaid managed care share of indirect GME costs. Payments shall be made by the Oklahoma Health Care Authority (OHCA) directly to eligible teaching hospitals and shall not be included in the actuarially sound capitation rates paid to Oklahoma Medicaid managed care plans in accordance with provisions of 42 CFR 438.60. The annual computed indirect GME payments will be paid to eligible teaching hospitals on a quarterly basis.

1. Definitions

- a. Residents- The number of full-time equivalent (FTE) interns and residents in approved training programs for an eligible hospital as reported on the most recent CMS Form 2552, Worksheet E, Part A, Line 10, Column 1 plus Worksheet E, Part A, Line 11, Column 1.
- b. Beds - The total number of bed days available as reported on the most recent CMS Form 2552, Worksheet E, Part A, Line 4, Column 1.
- c. Average Daily Census (ADC) – means the average daily inpatient census as reported on the hospital's most recent Medicare Hospital Cost Report, CMS Form 2552-10, Worksheet L, Part 1, Line 3, Column 1.

2. Eligibility

Eligible hospitals are Oklahoma hospitals providing inpatient or outpatient services that are owned or operated by a public trust established pursuant to Section 63-3224 or Section 63-3290 of the Oklahoma Statutes and who are affiliated with an accredited medical school.

3. Determination and Allocation of Funds

- a. The amount of indirect GME payments for eligible teaching hospitals is calculated using the hospital's ratio residents to beds and Medicaid payments as follows:
 1. Calculate each hospital's indirect medical education percentage = $2.27 \times ((1 + (\text{Residents}/\text{the lesser of ADC or Beds}))^{0.405} - 1)$
 2. Multiply the results computed in 3.a.i of this subsection by the hospital's Medicaid outpatient payments, including any outpatient payments made through state-directed payment programs.