

5160-2-67

**Medical education.**

Effective for dates of discharge on or after July 1, 2017, to qualify for a medical education add-on rate as described in this rule, Ohio hospitals must have an approved medical education program as defined in 42 C.F.R. 415.152 effective as of October 1, 2016 and the costs of the approved medical education program were reflected in their state fiscal year (SFY) 2014 Ohio medicaid hospital cost report (ODM 02930 rev. 6/2014). This rule describes the methodology used for computing the direct graduate medical education and indirect medical education components of each hospital's medical education add-on rate.

(A) Computation of direct graduate medical education (DGME) costs, which are the costs that are directly related to the training of interns & residents and allied professionals in an approved medical education program.

(1) Tabulate the costs captured on the ODM 02930 for interns & residents and allied professionals.

(2) Tabulate the total facility charges and total medicaid fee-for-service and managed care charges reported on the ODM 02930. Calculate the medicaid factor by dividing the sum of total medicaid fee-for-service and managed care charges by total charges.

(3) Tabulate the total medicaid fee-for-service and managed care discharges from the ODM 02930.

(4) The medicaid portion of DGME costs equal the total DGME costs as described in paragraph (A)(1) of this rule multiplied by the medicaid factor as described in paragraph (A)(2) of this rule.

(5) A cost per discharge is computed using the medicaid portion of DGME costs as described in paragraph (A)(4) of this rule divided by the total number of medicaid discharges as described in paragraph (A)(3) of this rule.

(B) Computation of indirect medical education (IME) costs, which are the costs that recognize the increased costs of patient care that results from operating an approved medical education program.

(1) Identify the number of interns & residents and number of beds reported on the ODM 02930.

(2) Compute the IME factor by using the logarithmic formula  $1.35 * ((1 + ((\text{interns} \& \text{residents}) / \text{beds})^{0.405}) - 1)$ .

(3) Tabulate the total medicaid fee-for-service and managed care net operating costs reported on the ODM 02930.

(4) The medicaid portion of IME is the medicaid net operating costs as described in

paragraph (B)(3) of this rule multiplied by the IME factor as described in paragraph (B)(2) of this rule.

(5) A cost per discharge is computed using the medicaid portion of IME costs as described in paragraph (B)(4) of this rule divided by the total number of medicaid discharges as described in paragraph (A)(3) of this rule.

(a) The IME cost per discharge is capped. The capped value is the statewide mean IME cost per discharge plus one standard deviation.

(b) If the hospital's IME cost per discharge is greater than the capped IME cost per discharge as described in paragraph (B)(5)(a) of this rule, then the hospital's IME cost per discharge is equal to the capped IME cost per discharge as described in paragraph (B)(5)(a) of this rule.

(C) Case-mix adjustment of medical education add-on rate.

(1) The case-mix score for each hospital equals the sum of the relative weight values for all SFY 2014 discharges divided by the total number of medicaid discharges as described in paragraph (A)(3) of this rule.

(2) Sum the DGME cost per discharge as described in paragraph (A)(5) of this rule and the IME cost per discharge as described in paragraph (B)(5) of this rule.

(3) Divide the sum of the DGME cost per discharge and IME cost per discharge as described in paragraph (C)(2) of this rule by the case-mix score as described in paragraph (C)(1) of this rule. The resulting value is the hospital's total medical education add-on rate.

(4) The hospital's total medical education add-on rate as described in paragraph (C)(3) of this rule shall be subject to a payment neutrality adjustment of fifty-nine and seven-tenths per cent of the sum of the medicaid portion of DGME costs as described in paragraph (A)(4) of this rule and the medicaid portion of IME costs as described in paragraph (B)(4) of this rule.

(D) Medical education and stop-loss/stop-gain.

(1) For each hospital, determine the total value of current medical education payments as reimbursed by the all patient refined diagnosis related groups prospective payment system prior to July 1, 2017 by multiplying the hospital's medical education add-on rate effective January 1, 2017 by the hospital's case-mix score in effect prior to July 1, 2017 by the total number of medicaid discharges for the twelve month period used to estimate the fiscal impact.

(2) Determine the hospital's projected medical education payments by multiplying the case-mix adjusted medical education add-on rate as described in

paragraph (C) of this rule by the total number of medicaid discharges for the twelve month period used to estimate the fiscal impact.

- (3) If the hospital's current medical education payments as described in paragraph (D)(1) of this rule are greater than the projected medical education payments as described in paragraph (D)(2) of this rule, then the hospital's medical education add-on rate shall be the medical education add-on rate used to calculate current medical education payments as described in paragraph (D)(1) of this rule.
- (4) If the hospital's projected medical education payments as described in paragraph (D)(2) of this rule are more than one-hundred and ten per cent of current medical education payments as described in paragraph (D)(1) of this rule, then the hospital's medical education payments shall be the current medical education add-on rate multiplied by one-hundred and ten per cent.
- (5) If the hospital's projected medical education payments as described in paragraph (D)(2) of this rule are greater than its current medical education payments as described in paragraph (D)(1) of this rule but less than one-hundred and ten per cent of its current medical education payments as described in paragraph (D)(1) of this rule, then the hospital's medical education add-on rate is the add-on rate used to calculate projected medical education payments as described in paragraph (D)(2) of this rule.

(E) Recognition of approved medical education programs outside of rebasing.

- (1) For rate years when a rebasing is not being conducted, hospitals that have added an approved graduate medical education program and demonstrate such costs on the interim-settled cost report that ends in the SFY ending in the calendar year preceding the immediate past calendar year prior to January first of the rate year, the interim medical education add-on rate shall be the sum of eighty per cent of the statewide average DGME add-on rate plus fifty per cent of the statewide average IME add-on rate.
- (2) For a hospital that only demonstrates costs for medical education of allied professionals on the interim-settled cost report that ends in the SFY ending in the calendar year preceding the immediate past calendar year prior to January first of the rate year, the medical education add-on rate will be fifty per cent of the statewide average DGME add-on rate.
- (3) For a hospital that has a newly approved graduate medical education program but whose costs are not yet reflected on a cost report, the medical education add-on rate will be fifty per cent of the statewide average DGME add-on rate.

  - (a) A hospital with a newly approved graduate medical education program must notify the department no later than October first of the calendar year immediately preceding January first of the rate year.

- (b) Notification to the department must include documentation from the Accreditation Council of Graduate Medical Education that the hospital has an approved medical education program or documentation of medicare's recognition of the hospital's approved full-time equivalent interns & residents count, or both.
- (4) For a hospital whose interim-settled cost report that ends in the SFY ending in the calendar year preceding the immediate past calendar year prior to January first of the rate year no longer reflects costs for interns & residents, the medical education add-on rate will be reduced by the portion of the add-on rate that represented their IME costs.
- (5) For a hospital whose interim-settled cost report that ends in the SFY ending in the calendar year preceding the immediate past calendar year prior to January first of the rate no longer reflects costs for interns & residents and allied professionals, the medical education add-on rate will be reduced to zero.

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Effective:

Five Year Review (FYR) Dates:

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Certification

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Date

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