CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-20 One-Time Notification	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 10520	**Date: December 14, 2020**
	Change Request 11642

Transmittal 10486, dated November 19, 2020, is being rescinded and replaced by Transmittal 10520, dated, December 14, 2020 to revise the implementation date from December 14, 2020 to December 21, 2020. All other information remains the same.

SUBJECT: Updates to Nursing and Allied Health Education Medicare Advantage Payment Policies

I. SUMMARY OF CHANGES: Section 541 of the Balanced Budget Refinement Act (BBRA) of 1999 (P. L. 106-113), and section 512 of the Benefits Improvement and Protection Act (BIPA), (P.L. 106-554), instituted Medicare+Choice nursing and allied health payments for portions of cost reporting periods occurring on or after January 1, 2000. CMS last provided instructions to the Medicare Administrative Contractors (MACs) on May 23, 2003, in the form of Transmittal A-03-043, CR 2692, for the purpose of making the Calendar Year (CY) 2001 nursing and allied health Medicare+Choice payments. This CR provides MACs with instructions on how to compute and/or reconcile these payments for CYs 2002 through 2018, as applicable.

EFFECTIVE DATE: September 21, 2020
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: December 21, 2020

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	N/A

III. FUNDING:
For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

One Time Notification

Attachment - One-Time Notification

Pub. 100-20	Transmittal: 10520	Date: December 14, 2020	Change Request: 11642

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SUBJECT: Updates to Nursing and Allied Health Education Medicare Advantage Payment Policies

EFFECTIVE DATE: September 21, 2020
**Unless otherwise specified, the effective date is the date of service.*
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I. GENERAL INFORMATION

A. Background: I. GENERAL INFORMATION

A. Background: Section 541 of the Balanced Budget Refinement Act (BBRA) of 1999 (P. L. 106-113), and section 512 of the Benefits Improvement and Protection Act (BIPA), (P.L. 106-554), instituted Medicare+Choice nursing and allied health payments for portions of cost reporting periods occurring on or after January 1, 2000. CMS last provided instructions to the Medicare Administrative Contractors (MACs) on May 23, 2003, in the form of Transmittal A-03-043, CR 2692, for the purpose of making the Calendar Year (CY) 2001 nursing and allied health Medicare+Choice payments. This CR provides MACs with instructions on how to compute and/or reconcile these payments for CYs 2002 through 2018, as applicable.

Medicare+Choice Nursing and Allied Health Education Payments

Section 541 of the BBRA of 1999 provides for additional payments to hospitals for costs of nursing and allied health education associated with services to Medicare+Choice enrollees. Hospitals that operate approved nursing or allied health education programs and receive Medicare reasonable cost reimbursement for these programs would receive additional payments. Section 541 limits total spending under the provision to no more than $60 million in any calendar year (CY). (In this document, we refer to the total amount of $60 million or less as the payment “pool”.) Section 541 also provides that direct Graduate Medical Education (GME) payments for Medicare+Choice utilization will be reduced to the extent that these additional payments are made for nursing and allied health education programs.

Section 512 of the BIPA of 2000 changed the formula for determining the additional amounts to be paid to hospitals for Medicare+Choice nursing and allied health costs. Under §541 of the BBRA, the additional payment amount was determined based on the proportion of each individual hospital’s nursing and allied health education payment to total nursing and allied health education payments made to all hospitals. However, this formula did not account for a hospital’s specific Medicare+Choice utilization. Section 512 of the BIPA revised this payment formula to specifically account for each hospital’s Medicare+Choice utilization.

The regulations at 42 CFR §413.87 codified these statutory provisions. This provision is effective for portions of cost reporting periods occurring in a calendar year (CY), beginning with CY 2001.

We note that Medicare + Choice is now known as Medicare Advantage (MA). We refer to nursing and allied health education MA payments from this point forward in this document.

B. Policy: B. Policy:

1. Qualifying Conditions for Payment

For portions of cost reporting periods occurring in a calendar year (on or after January 1 and including December 31), a hospital that operates a nursing or allied health education program in accordance with 42 CFR §413.85 (as revised in 66 FR 3358, dated January 12, 2001) may receive an additional payment amount if it meets the following three conditions:

1. The hospital must have received reasonable cost Medicare payment for a nursing or allied health education program(s) in its cost reporting period(s) ending in the Federal FY that is two years prior to the current calendar year. For example, if the current calendar year is CY 2018, the FY that is two years prior to CY 2018 is FY 2016. (NOTE: If a hospital's fiscal year end is 12/31, then its cost reporting period ending in FY 2016 is 12/31/2015). In this example, if a hospital did not receive reasonable cost payment for approved nursing or allied health education programs in FY 2016, but first establishes these programs and receives such payment as specified in §413.85 after FY 2016, the hospital will be eligible to receive an additional payment amount beginning in the calendar year that is two years after the respective FY. For example, if the hospital establishes a nursing or allied health program in FY 2018, it will first be eligible to receive an additional payment amount in CY 2020.
2. The hospital must be receiving reasonable cost payment for its nursing or allied health education program(s) in the current calendar year.
3. The hospital must have had MA utilization greater than zero in its cost reporting period(s) ending in the fiscal year that is two years prior to the current calendar year.

B. Calculating the Additional Payment Amount

For portions of cost reporting periods occurring on or after January 1, 2001, an eligible hospital will receive the additional payment amount calculated according to the following steps:

Step 1: Determine for each eligible hospital the—

- Total Medicare payments received for approved nursing or allied health education programs based on data from the settled cost reports for the period(s) ending in the fiscal year that is 2 years prior to the current calendar year.
  From the Medicare cost report CMS-2552-96, use the sum of the payment amounts from Worksheet D, Part III, line 101, column 8—Total Medicare Part A inpatient routine other pass through cost including distinct part psychiatric and rehabilitation subproviders, and Worksheet D, Part IV, line 101, column 7—Total Medicare Part A ancillary other pass through costs including subproviders. If a provider has an amount greater than zero on line 34 (for skilled nursing facility) of Worksheet D, Part III, column 8, then subtract that amount from the amount on Worksheet D, Part III, line 101, column 8.
- From the Medicare cost report CMS-2552-10, use the sum of the payment amounts from Worksheet D, Part III, column 9, line 200-- Total Medicare Part A inpatient routine other pass through cost

including distinct part psychiatric and rehabilitation subproviders, and Worksheet D, Part IV, column 11, line 200, and column 13, line 200—Total Medicare Part A ancillary other pass through costs for inpatient and outpatient services. If a provider has an amount greater than zero on line 44 (for skilled nursing facility) of Worksheet D, Part III, column 9, then subtract that amount from the amount on Worksheet D, Part III, column 9, line 200.

- Total Part A inpatient days for that same cost reporting period.
    - From the Medicare cost report CMS 2552-96, use the sum of line 1, lines 6 through 10, and lines 14 and 14.01 of column 6 from Worksheet S-3, Part I;
    - From the Medicare cost report CMS 2552-10, use the sum of lines 1, 8, 9,10,11,12,16,17, 18, 18.01, and 32 from Worksheet S-3, Part I, column 8.
- Total MA inpatient days for that same cost reporting period.
    - If not available on CMS-2552-96, Worksheet S-3, Part 1, line 2, column 4, obtain the number of MA inpatient days from the Provider Statistics and Reimbursement Report (PS&R), report type 118. MA encounter days associated with providers and units excluded from the IPPS issued by CMS may be added to the inpatient days from report type 118. However, subject to the rules concerning time limitation for submitting provider claims at §3600.2 of the Intermediary Manual, additional documentation to revise the MAC's determination may be submitted by the provider, but will be subject to audit by the MAC.
    - From CMS-2552-10, use the sum of lines 2, 3, and 4, column 6 of Worksheet S-3, Part 1.

For example, if the current calendar year is 2018, determine the hospital's total nursing or allied health education payments made in its cost reporting period ending in FY 2016. Also, determine the hospital's total inpatient days and total MA inpatient days for its cost reporting period ending in FY 2016. If a hospital has more than one cost reporting period ending in that fiscal year, the MAC will add the nursing and allied health payments made to the hospital over those cost reporting periods. The inpatient days and Medicare+Choice inpatient days for the cost reporting periods would be added, as well. (Example: If a hospital has 2 cost reports ending in the same FY, such as a 1/1/2015-- 12/31/2015 and a 1/1/2016—6/30/2016, then add the nursing and allied health payments and the Part A inpatient days and MA inpatient days from both cost reporting periods).

If the actual total amount of the hospital's Medicare nursing or allied health education payment or the actual total amount of the MA inpatient days has not been finalized at the time the determination of the additional payment amount is being made because the hospital's relevant cost report(s) has not as yet been settled, then the additional payment should be made based on an estimate of the total amount of Medicare nursing and allied health payments and MA inpatient days for that year. When the actual total amounts are determined upon settlement of the cost report(s), the additional payment amount should be recalculated, and any overpayments or underpayments should be reconciled.

Step 2: Using the data in step 1, determine the ratio of the individual hospital's total nursing or allied health payments, to its total inpatient days. Multiply this ratio by the hospital's total MA inpatient days.

Step 3: CMS will determine the following:

- The total of all nursing and allied health education program payments made to all hospitals for all cost reporting periods ending in the fiscal year that is 2 years prior to the current calendar year.
- The total of all inpatient days from those same hospitals for those same cost reporting periods.
- The total of all MA inpatient days from those same hospitals for those same cost reporting periods.

- (See Attachment A for these amounts).

Step 4: CMS will use the data in step 3 to determine the ratio of the total of all nursing and allied health education program payments made to all hospitals for all cost reporting periods ending in the fiscal year that is 2 years prior to the current calendar year, to the total of all inpatient days for those hospitals from that cost reporting period. CMS will multiply this ratio by the total of all MA inpatient days for those hospitals from that cost reporting period.

(See Attachment A for these amounts).

Step 5: Calculate the ratio of the product determined in step 2 to the product determined in step 4.

Step 6: Multiply the ratio determined in step 5 by the MA nursing and allied health payment "pool". (Each CY, CMS estimates the MA nursing and allied health payment "pool", not to exceed $60 million. The "pool" is used for determining the additional payments for nursing and allied health education). The result is the additional payment amount for the current calendar year for an eligible hospital. (Report this additional payment amount on CMS-2552-96, line 11.01 of Worksheet E, Part A, and on CMS-2552-10, line 53 of Worksheet E, Part A).

(See Attachment A for the "pool" amounts).

EXAMPLE: In its cost reporting period ending in FY 1999, Hospital A received $100,000 in total Medicare payments for approved nursing and allied health education programs. Hospital A's total inpatient days were 28,000. Total MA inpatient days were 2,800.

For all cost reporting periods ending in FY 1999, assume Medicare paid $250,000,000 in total nursing and allied health education program payments. The total number of inpatient days across those hospitals in that year was 142,000,000, and the total number of MA inpatient days was 14,200,000.

Assume the CY 2001 MA nursing and allied health payment "pool" is $26,000,000. Thus, Hospital A's MA nursing and allied health education payment for CY 2001 will be calculated as follows:

(($100,000/ 28,000 Inpatient Days) * 2,800 MA Inpatient Days) / (($250,000,000/ 142,000,000 Inpatient Days) * 14,200,000 MA Inpatient Days)) * $26,000,000 = $10,400

Note: If Hospital A's FY 1999 cost report is not settled at the time the MAC calculates the additional payment amount for CY 2001, and, later, upon settlement, it is determined that the $100,000 is not the actual total amount that Hospital A received for FY 1999, then the MAC will recalculate the additional payment amount with the accurate total and reconcile any overpayments or underpayments to Hospital A.

C. Proportional Reduction to MA Direct GME Payments

In conjunction with the additional payments for nursing and allied health programs, the BBRA provided that payments that are made to teaching hospitals for costs of direct GME associated with services to MA enrollees will be reduced by an estimated percentage in each CY. Specifically, the law provides that the estimated reductions in MA direct GME payments must equal the estimated total additional MA nursing and allied health education payments.

(See Attachment A for these amounts). Accordingly, for portions of cost reporting periods occurring in a calendar year, all hospitals that receive MA direct GME payments (including those that do not receive additional nursing and allied health payments under the BIPA provision) will have these payments reduced by the percent reduction stated in Attachment A. (This percent reduction occurs on CMS-2552-96 lines 6.05 and 6.08 of Worksheet E-3 Part IV, and CMS-2552-10, line 30, of Worksheet E-4).

Each hospital with a calendar year cost reporting period that is receiving MA direct GME payments will have those payments reduced by **the applicable percentage stated in Attachment A** for the period of January through December. If a hospital does not have a calendar year cost reporting period, then the reductions to its MA direct GME payments will depend upon the portion of its cost reporting period that falls within the current calendar year. For example, if a hospital has an October through September FY, its MA direct GME payments from October through December will be reduced by that calendar year's percent. However, the hospital's MA direct GME payments from January through September (from the same cost reporting period), and its MA direct GME payments from October through December (from its following cost reporting period), will be reduced by that calendar year's percent. Similarly, if a hospital has a July through June cost reporting period, its MA direct GME payments from July through December will be reduced by that calendar year's percent. However, its MA direct GME payments from January through June of the same cost reporting period, and its MA direct GME payments from July through December of the next cost reporting period, will be reduced by that calendar year's percent.

D. Nursing and Allied Education MA "Pool" and Proportional Reduction to MA Direct GME Payments

As stated previously, CMS provided instructions to the Medicare Administrative Contractors (MACs) in May 23, 2003, in the form of Transmittal A-03-043, CR 2692, for the purpose of making the Calendar Year (CY) 2001 nursing and allied health Medicare+Choice payments. CMS has not updated the "pool" and percent reduction to MA direct GME payments. Attachment A of this CR contains the updated annual "pool" amounts, not to exceed $60,000,000, and the corresponding MA direct GME percent reduction. MACs shall calculate the correct MA nursing and allied health education add-on and the correct MA direct GME payment for the applicable years, and reconcile overpayments or underpayments for these years, according to the instructions below.

Priority Order: *MACs shall first correct the payments of Priority Hospitals listed in column A of Attachment B. Then MACs shall correct the payments of each hospital part of group appeals together with a Priority Hospital (see column E of Attachment B which lists case numbers; many of these case numbers are group appeals of which the Priority Hospital is one of the group), and next MACs shall correct the payments of all other hospitals that receive MA nursing and allied health education payments AND/OR MA direct GME payments.*

E. Payment for Cost Reports That Are Not Yet Settled

Attachment A shows the national payment totals necessary to compute hospitals' MA nursing and allied health education add-on and/or MA direct GME percent reduction for CYs 2002 through 2018.

- For each applicable hospital, MACs shall identify each and every cost report that has NOT yet been settled (as of the time of the implementation date of this CR, and potentially as far back as a cost report that contains portions of CY 2002).
- MACs shall refer to Attachment A to find the amounts needed to calculate each respective calendar year's payments for each applicable hospital.
- MACs shall use the steps above to calculate each hospital's MA nursing and allied health education add-on, and each applicable hospital's percent reduction to MA direct GME payments, and report the payment amounts on the cost report lines specified previously.
- Regarding Priority Hospitals listed in Column A of Attachment B, for cost reports that have NOT yet been settled, *MACs shall issue revised tentative settlements within 210 calendar days after the effective date of this Transmittal.*
    - Regarding **Allina** hospitals that are also Priority Hospitals listed in Column A of Attachment B, for cost reports not yet settled, MACs shall issue revised tentative settlements within 210 calendar days after the effective date of this Transmittal.
- For non-priority hospitals' cost reports that have not yet been settled, see section J. below for implementation time frame.

F. Reconciliation of Payment for Already Settled Cost Reports, But That Are Still Within the Three-Year Reopening Period

- For each applicable hospital, MACs shall identify each and every cost report that IS settled, but is still within the 3-year reopening period (as of the time of the implementation date of this CR, and potentially as far back as a cost report that contains portions of CY 2002).
- MACs shall reopen these cost reports.
- MACs shall refer to Attachment A to find the amounts needed to calculate each respective calendar year's payments for each applicable hospital.
- MACs shall use the steps above to calculate each hospital's MA NAHE add-on, and each applicable hospital's percent reduction to MA direct GME payments, and report the payment amounts on the cost report lines specified previously. MACs shall recalculate BOTH the NAHE MA amount AND the DGME MA amount, REGARDLESS of what a hospital appealed or did not appeal. Since MA NAHE add-on payments and MA DGME reductions are made on a calendar year basis, for hospitals with cost reporting periods that are not January 1 to December 31, MACs shall refer to the hospital's Provider Statistical & Reimbursement (PS&R) report, report type 118, to access the portion of MA inpatient days. Beginning in 2007, the PS&R report type 118 contains the hospital's MA days on a monthly basis. Therefore, MACs shall use the monthly information to access the MA days that fall either prior to or after January 1 of the hospital's cost report. For cost reports prior to 2007, the monthly break out of MA days is not available, and therefore, MACs shall prorate the total amount of MA days on report type 118 to account for portions of the hospital's cost reporting period that falls before and after January 1 of each applicable year.

- If the hospital is a Priority Hospital listed in Column A of Attachment B, but it has settled cost reports for which it did *not* file an appeal with the PRRB, MACs shall refer to Attachment A to find the amounts needed to calculate each respective calendar year's payments for each applicable hospital. MACs shall use the steps above to calculate each hospital's MA NAHE add-on, and each

applicable hospital's percent reduction to MA direct GME payments. If a hospital receives both N&AH payment and DGME payment, MACs shall recalculate BOTH the NAHE MA amounts AND the DGME MA amounts, REGARDLESS of what a hospital appealed or did not appeal.

  - *MACs shall reopen and calculate* the correct NAHE MA amounts and the correct DGME MA amounts on each reopened cost report, and report the payment amounts on the cost report lines specified previously.
  - *MACs shall issue corrected payments as part of Revised NPRs within 150 calendar days after the effective date of this Transmittal*. (MACs shall correct the cost reports in HCRIS).

- If the hospital is NOT a Priority Hospital, and is not part of a group appeal with a Priority Hospital,

  - MACs shall reopen settled cost reports, calculate the correct N&AH MA and DGME MA payments on each reopened cost report, and report the payment amounts on the cost report lines specified in section H.
  - MACs shall issue corrected payments as part of Revised NPRs within 18 months after the effective date of this Transmittal. (MACs shall correct the cost reports in HCRIS).

- For **Allina** cost reports already *settled or under appeal*, MACs shall issue reopening notices for NPR'd cost reports, and for reopened or appealed cost reports respectively, recalculate what payments should be on those cost reports, and issue adjustment reports (and tentative settlements if possible) within 150 calendar days after the effective date of this Transmittal if the Allina hospital is a Priority Hospital, or within 18 months after the effective date of this Transmittal if the Allina hospital is not a Priority Hospital. If payment cannot be made to the Allina hospital due to the terms of the Allina litigation, then the adjustment report shall indicate what revised payments will be for when payments can actually be made to the Allina hospital.

G. Payment for Hospitals that Have Appealed their Cost Reports to the Provider Reimbursement Review Board (PRRB)

- **If the hospital is a Priority Hospital listed in column A of Attachment B,** and it has cost report(s) under appeal, MACs shall refer to Attachment A to find the amounts needed to calculate each respective calendar year's payments for each applicable hospital. MACs shall use the steps above to calculate each hospital's MA NAHE add-on, and each applicable hospital's percent reduction to MA direct GME payments. If a hospital receives both NAHE payment and DGME payment, MACs shall recalculate BOTH the NAHE MA amounts AND the DGME MA amounts, REGARDLESS of what a hospital appealed or did not appeal.
  - MACs shall use the Administrative Resolution process so that the PRRB can close out the appeals, but if the Priority Hospital is part of a group appeal, MACs shall focus FIRST on resolving Priority Hospitals listed in column A.
  - Then, MACs shall calculate the correct N&AH MA amounts and the correct DGME MA amounts on each appealed cost report, and report the payment amounts on the cost report lines specified previously, and

- *issue corrected payments as part of Revised NPRs to the Priority Hospital within 120 calendar days after the effective date of this Transmittal.* (Transmit to HCRIS following normal NPR/RNPR processes).

- **If the hospital is part of a group appeal with a Priority Hospital**, but is not specifically listed in column A of Attachment B as a Priority Hospital, MACs shall refer to Attachment A to find the amounts needed to calculate each respective calendar year's payments for each applicable hospital. MACs shall use the steps above to calculate each hospital's MA NAHE add-on, and each applicable

hospital's percent reduction to MA direct GME payments. If a hospital receives both NAHE payment and DGME payment, MACs shall recalculate BOTH the NAHE MA amounts AND the DGME MA amounts, REGARDLESS of what a hospital appealed or did not appeal.

- MACs shall use the Administrative Resolution process so that the PRRB can close out the appeals
- MACs shall calculate the correct N&AH MA amounts and the correct DGME MA amounts on each appealed cost report, and report the payment amounts on the cost report lines specified previously.
- *MACs shall issue corrected payments as part of Revised NPRs within 18 months after the effective date of this Transmittal*. (MACs shall correct the cost reports in HCRIS).

H. Cost Reporting on CMS Forms 2552-96 and 2552-10

Following are instructions for how to report corrected N&AH MA and DGME MA revised amounts on the Medicare cost reporting forms:

On CMS Form 2552-96:

Calculate *off the cost report* the N&AH MA add-on amount for the applicable cost reporting period, reconcile that N&AH MA amount by the amount already reported on Worksheet E, Part, A, 11.01, and report the DGME MA final adjusted amount on Worksheet E, Part A, by subscripting line 24 to line 24.50.

NOTE:For line 6.05 of E-3, Part IV, do NOT use the old DGME MA percent reductions included in the 2552-96 cost report instructions; instead make sure to refer to and use the updated data and percentages in Attachment A of this CR.

Also, Attachment C 2552-96 Off the Cost Report Calculation of DGME MA Payment Reduction.xlsx is a template for your use in making the "off the cost report" calculations for CMS-Form 2552-96 cost reports.

On CMS Form 2552-10:

1. On recently issued T-16 Chapter 40-(T16) -- Hospital & Hospital Health Care (Form CMS-2552-10) (ZIP) we added a new question to Worksheet S-2, Part I on both lines 56 (for DGME and 60 (for NAHE), to allow the MAC to make the calculation adjustments.
2. On recently issued T-16 Chapter 40-(T16) -- Hospital & Hospital Health Care (Form CMS-2552-10) (ZIP), we modified lines 26 through 30 and added column 2.01 on Worksheet E-4 to accommodate MA inpatient days for non 12/31 FYEs, added line 29.01 to display DGME MA reduction percentages, and modified line 30 to include the formula for calculating the annual DGME percent reduction. That is, the calculation of the DGME MA percent reduction will occur on the 2552-10 cost report, but the NAHE MA add-on calculation will continue off the cost report with final amount reported on Worksheet E, Part A, line 53.

I. Cost Reports That Are Settled and Beyond Three Year Reopening

MACs shall not make recalculations or reconciliations for N&AH MA or DGME MA payments for cost reports that are already beyond the 3-year reopening period as of the issuance date of this Transmittal.

J. Timeline for Implementation

- See sections E, F, and G above where the timeline for implementation is addressed for not yet settled, for settled, and for appealed cost reports.
- MACs shall complete work on the Priority Hospitals prior to beginning work on other hospitals. For hospitals not identified as Priority Hospitals, for cost reports that have not yet been settled, the MAC shall implement this CR **as part of the normal interim rate review, desk review, and settlement processes within 18 months after the effective date of this Transmittal.**
- This Transmittal contains the national payment totals necessary to compute hospitals' N&AH MA add-on and/or DGME MA percent reduction for CYs 2002 through 2018. Therefore, MACs shall fully implement this Transmittal for payments through and including CY 2018 within 18 months after the effective date of this Transmittal.
    - If ,due to unforeseen circumstances, MACs have not been able to fully implement this Transmittal within 18 months after the effective date, then, **for only your Priority Hospitals listed in column A of Attachment B that have open cost reports**, MACs may issue tentative settlements to expedite implementation. (MACs shall follow the normal course of business for payment/reconciliation of all non-priority hospitals).

K. Additional Notes

- The MAC shall make sure that the additional payment reflects all portions of cost reporting periods that occur during a calendar year. For example, if a hospitals FYE is June 30, then, for the additional payment for CY 2018, the MAC would report half of the additional payment amount on the hospital's cost report for the year ending June 30, 2018 (to reflect the second 6 months of the FYE 6/30/18), and half of the additional payment on the hospital's cost report ending June 30, 2019 (to reflect the first 6 months of FYE 6/30/2019).If necessary, MACs have the discretion to settle cost reports out of order, rather than sequentially.
- Until a transmittal is issued addressing CY 2019 payments, as an estimate, use the total amount the hospital received for N&AH MA or DGME MA for CY 2018.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME	Shared-System Maintainers				Other
		A	B	HHH	MAC	FISS	MCS	VMS	CWF	
11642.1	MACs shall follow the instructions in this CR to calculate for applicable hospitals the correct MA nursing and allied health education add-on and the correct MA direct GME payment for the applicable years, and reconcile overpayments or underpayments for these years.	X								

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
11642.2	MACs shall first correct the payments of hospitals that are listed in column A of Attachment B, as explained in this CR. Then MACs shall correct the payments of each hospital part of group appeals together with a Priority Hospital (see column E of Attachment B which lists case numbers; many of these case numbers are group appeals of which the Priority Hospital is one of the group), and next MACs shall correct the payments of all other hospitals that receive MA nursing and allied health education payments AND/OR MA direct GME payments.	X								
11642.3	MACs shall follow the instructions in section E. Payment for Cost Reports That Are Not Yet Settled, including the instructions for Priority Hospitals listed in Column A of Attachment B, and for Allina hospitals that are also Priority Hospitals listed in Column A of Attachment B.	X								
11642.4	MACs shall follow the instructions in section F. Reconciliation of Payment for Already Settled Cost Reports, But That Are Still Within the Three-Year Reopening Period, including the instructions for a Priority Hospital listed in Column A of Attachment B, that has settled cost reports for which it did not file an appeal with the PRRB, the instructions for a hospital that is NOT a Priority Hospital, and is not part of a group appeal with a Priority Hospital, and instructions for Allina cost reports already settled or under appeal.	X								
11642.5	MACs shall follow the instructions in section G. Payment for Hospitals that Have Appealed their Cost Reports to the Provider Reimbursement Review Board (PRRB), including using the Administrative Resolution process so that the PRRB can close out the appeals.	X								
11642.6	MACs shall not make recalculations or reconciliations for MA nursing and allied health education payments or MA direct GME payments for cost reports that are already beyond the 3-year reopening period as of the implementation date of this CR.	X								
11642.7	The MAC shall make sure that the additional payment reflects all portions of cost reporting periods that occur	X								

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	during a calendar year.									
11642.8	Until a transmittal is issued addressing CY 2019 payments, as an estimate, the MAC shall use the total amount the hospital received for MA nursing and allied health or MA direct GME for CY 2018.	X								

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
11642.9	CR as Provider Education: Contractors shall post this entire instruction, or a direct link to this instruction, on their Web sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the entire instruction must be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement it with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X				

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): MIECHAL KRIGER, 646-842-2766 or MIECHAL.KRIGER@CMS.HHS.GOV

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

ATTACHMENTS: 3

	MA N&AH POOL	FFS N&AH PAYMENTS	FFS INPATIENT DAYS	MA INPATIENT DAYS	(FFS N&AH/FFS INPT DAYS) X MA INPT DAYS	PERCENT REDUCTION TO MA DGME PAYMENTS
CY 2002	$ 8,725,221	$ 83,140,895	21,966,199	1,218,662	$ 4,612,571	4.58%
CY 2003	$ 11,268,425	$ 109,188,627	25,244,159	1,389,811	$ 6,011,353	5.88%
CY 2004	$ 10,879,994	$ 99,630,697	21,871,001	1,158,637	$ 5,278,031	5.20%
CY 2005	$ 14,928,729	$ 119,167,650	28,120,057	1,390,968	$ 5,894,668	6.06%
CY 2006	$ 12,256,712	$ 123,774,038	29,537,617	1,438,451	$ 6,027,666	6.28%
CY 2007	$ 23,347,058	$ 140,263,059	31,217,012	1,500,168	$ 6,740,496	7.13%
CY 2008	$ 36,214,939	$ 175,262,442	36,482,304	1,799,666	$ 8,645,667	8.86%
CY 2009	$ 44,399,680	$ 188,570,852	40,169,275	2,380,683	$ 11,175,891	9.88%
CY 2010	$ 60,000,000	$ 213,862,393	45,409,814	3,114,194	$ 14,666,631	9.77%
CY 2011	$ 60,000,000	$ 226,645,225	49,217,935	3,825,354	$ 17,615,494	7.85%
CY 2012	$ 60,000,000	$ 240,958,503	55,551,047	4,376,532	$ 18,983,667	7.16%
CY 2013	$ 60,000,000	$ 245,304,017	54,965,956	4,945,724	$ 22,071,952	6.41%
CY 2014	$ 60,000,000	$ 248,506,989	54,405,730	5,360,315	$ 24,484,107	5.86%
CY 2015	$ 60,000,000	$ 247,076,161	55,223,064	5,907,933	$ 26,432,967	5.32%
CY 2016	$ 60,000,000	$ 253,272,740	55,717,901	6,376,818	$ 28,986,630	4.99%
CY 2017	$ 60,000,000	$ 249,546,528	58,599,068	7,241,576	$ 30,838,548	4.44%
CY 2018	$ 60,000,000	$ 267,714,849	61,066,487	7,888,809	$ 34,584,457	7.00%

Provider Name PRIORITY HOSPITALS	CCN	System	FYE	Case No.	Appeal Filed
Franklin Hospital	33-0372	Northwell Health	01/13/2016	19-2759GC	12/20/2019
Phelps Memorial Hospital Association	33-0261	Northwell Health	12/31/2015	19-1811GC	12/20/2019
Franklin Hospital	33-0372	Northwell Health	12/31/2014	19-1280GC	12/20/2019
Phelps Memorial Hospital Association	33-0261	Northwell Health	12/31/2014	19-1280GC	12/20/2019
Bronx-Lebanon Hospital Center	33-0009	Bronx-Lebanon Hospital Center Health Care System - Bronx, NY	12/31/2015	19-1842G	11/08/2019
Beth Israel Medical Center	33-0169	Mount Sinai Health System - New York, NY	12/31/2012	20-0269GC	10/31/2019
Beth Israel Medical Center	33-0169	Mount Sinai Health System - New York, NY	12/31/2013	20-0268GC	10/31/2019
The Brooklyn Hospital Center	33-0056	Brooklyn Hospital Center	12/31/2016	20-0264G	10/29/2019
Jacobi Medical Center	33-0127	NYC Health + Hospitals	06/30/2016	19-1788GC	10/29/2019
Kings County Hospital Center	33-0202	NYC Health + Hospitals	06/30/2016	19-1788GC	10/29/2019
Queens Hospital Center	33-0231	NYC Health + Hospitals	06/30/2016	19-1788GC	10/29/2019
Woodhull Medical and Mental Health Center	33-0396	NYC Health + Hospitals	06/30/2016	19-1788GC	10/29/2019
Jacobi Medical Center	33-0127	NYC Health + Hospitals	06/30/2017	20-0129GC	10/29/2019
Kings County Hospital Center	33-0202	NYC Health + Hospitals	06/30/2017	20-0129GC	10/29/2019
Queens Hospital Center	33-0231	NYC Health + Hospitals	06/30/2017	20-0129GC	10/29/2019
Woodhull Medical and Mental Health Center	33-0396	NYC Health + Hospitals	06/30/2017	20-0129GC	10/29/2019
University of Kansas Hospital	17-0040	University of Kansas Health	06/30/2016	20-0264G	10/29/2019
Harlem Hospital Center	33-0240	NYC Health + Hospitals	06/30/2017	20-0129GC	10/24/2019
Brookdale Hospital Medical Center	33-0233	One Brooklyn Health	12/31/2015	19-1842G	10/18/2019
Henry J. Carter Specialty Hospital	33-2008	NYC Health + Hospitals	06/30/2017	20-0129GC	10/15/2019
Forest Hills Hospital	33-0353	Northwell Health	01/13/2016	19-2759GC	09/26/2019
Forest Hills Hospital	33-0353	Northwell Health	12/31/2014	19-1280GC	09/26/2019
Palisades Medical Center	31-0003	Hackensack Merridian Health	12/31/2015	19-2723GC	09/23/2019
Hackensack Medical Center	31-0001	Hackensack Merridian Health	12/31/2015	19-2723GC	09/23/2019
Strong Memorial Hospital	33-0285	University of Rochester Medical Center	06/30/2015	19-2722GC	09/23/2019
Jersey Shore University Medical Center	31-0073	Hackensack Merridian Health	12/31/2015	19-2723GC	09/23/2019
Glen Cove Hospital	33-0181	Northwell Health	12/31/2015	19-1811GC	09/20/2019
Long Island Jewish Medical Center	33-0195	Northwell Health	12/31/2015	19-1811GC	09/13/2019
Long Island Jewish Medical Center	33-0195	Northwell Health	12/31/2014	19-1280GC	09/13/2019
Bellevue Hospital Center	33-0204	NYC Health + Hospitals	06/30/2016	19-1788GC	08/30/2019
Ochsner LSU Health Shreveport	19-0098	Ochsner LSU Health Shreveport	09/30/2014	19-1842G	08/27/2019
Ochsner LSU Health Shreveport	19-0098	Ochsner LSU Health Shreveport	09/30/2015	20-0416GC	08/27/2019
North Shore University Hospital	33-0106	Northwell Health	12/31/2015	19-1811GC	08/06/2019
Jamaica Hospital	33-0014	Medisys Health Network	12/31/2015	19-1842G	08/02/2019
Montefiore New Rochelle Hospital	33-0184	Monteifore Health System	12/31/2015	19-1355GC	08/02/2019
New York & Presbyterian Hospital	33-0101	New York Presbyterian Hospital	12/31/2014	19-2347GC	08/02/2019
John F. Kennedy Medical Center	31-0108	Hackensack Merridian Health	12/31/2016	19-2231GC	07/15/2019
Mount Sinai St. Luke's	33-0046	Mount Sinai Health System - New York, NY	12/31/2011	19-1933G	05/17/2019
University of Virginia Medical Center	49-0009	University of Virginia Hospital	06/30/2011	19-1933G	05/17/2019
University of Virginia Medical Center	49-0009	University of Virginia Hospital	06/30/2012	19-1933G	05/17/2019
University of Virginia Medical Center	49-0009	University of Virginia Hospital	06/30/2010	19-1933G	05/17/2019
Albany Medical Center	33-0013	Albany Medical Center	12/31/2015	19-1842G	05/03/2019
Henry Ford Allegiance Health	23-0092	Henry Ford Health System	06/30/2015	19-1841GC	05/03/2019
Ochsner Medical Center	19-0036	Ochsner Health	12/31/2015	19-1842G	05/03/2019
Henry Ford Macomb Hospital	23-0047	Henry Ford Health System	12/31/2014	19-1580GC	04/01/2019
Montefiore Medical Center	33-0059	Monteifore Health System	12/31/2013	19-1355GC	03/19/2019
Montefiore Medical Center	33-0059	Monteifore Health System	12/31/2014	19-1842G	03/19/2019
Montefiore Mount Vernon Hospital	33-0086	Monteifore Health System	12/31/2015	19-1355GC	03/08/2019
Southhampton Hospital	33-0340	Stony Brook	12/31/2015	19-1842G	02/14/2019

Hospital Name	Provider No.	System
MOUNT SINAI HOSPITAL	330024	Mount Sinai Health System - New York, NY
NEW YORK EYE AND EAR INFIRMARY	330100	Mount Sinai Health System - New York, NY
New York-Presbyterian/Brooklyn Methodist	330236	New York Presbyterian Hospital
New York-Presbyterian/Queens	330055	New York Presbyterian Hospital
Peconic Bay Medical Center	330107	Northwell Health
Staten Island University Hospital	330160	Northwell Health
Huntington Hospital	330045	Northwell Health
Southside Hospital	330043	Northwell Health
Lenox Hill Hospital	330119	Northwell Health
Plainview Hospital	330331	Northwell Health
John T Mather Memorial Hospital	330185	Northwell Health
Henry Ford Hospital	230053	Henry Ford Health System
Henry Ford Wyandotte Hospital	230146	Henry Ford Health System
Interfaith Medical Center	330397	One Brooklyn Health
Ochsner Medical Center - Kenner	190274	Ochsner Health
Ochsner LSU Health Shreveport-Monroe Medical Center	190011	Ochsner LSU Health Shreveport
St. Barnabas Hospital	330399	St. Barnabas Hospital
Stony Brook University Hospital	330393	Stony Brook Medicine - Stony Brook, NY
Raritan Bay Medical Center	310039	Hackensack Meridian Health
Flushing Hospital Medical Center	330193	Medisys Health Network
NYC Health + Hospitals Elmhurst	330128	NYC Health + Hospitals
NYC Health + Hospitals Lincoln	330080	NYC Health + Hospitals
NYC Health + Hospitals Metropolitan	330199	NYC Health + Hospitals
NYC Health + Hospitals Coney Island	330196	NYC Health + Hospitals
NYC Health + Hospitals North Central Bronx	330385	NYC Health + Hospitals

MANUAL CALCULATION FOR RECONCILATION OF GME

DIRECT GRADUATE MEDICAL EDUCATION (GME) & ESRD OUTPATIENT DIRECT MEDICAL EDUCATION COSTS		Provider CCN:		Period From: To:			Worksheet E-3, Part IV		
		Title XVIII		Hospital			PPS		
					1	2		3	
3.25	Total approved amount for resident costs								3.25
	COMPUTATION OF PROGRAM PATIENT LOAD								
4	Inpatient Days (see instructions)								4
5	Total Inpatient Days (see instructions)								5
6	Ratio of inpatient days to total inpatient days						#DIV/0!		6
						E-3, Part VI, line 11			
6.01	Total GME for non-managed care days (line 6 x line 3.25)			#DIV/0!		#DIV/0!	#DIV/0!		6.01
6.02	Medicare Managed Care days on or after January 1								6.02
6.03	Total inpatient days (line 5 above)						0		6.03
6.04	Enter the appropriate percentage for inclusion of the managed care days						100%		6.04
	Percent Reduction for DGME for Medicare Advantage on or after January 1								
							#DIV/0!		
6.05	GME for managed care on or after January 1			#DIV/0!			#DIV/0!		6.05
6.06	Medicare managed care before January 1								6.06
6.07	Enter the appropriate percentage for inclusion of the managed care days						100%		31
	Percent Reduction for DGME for Medicare Advantage before January 1								
							#DIV/0!		
						E-3, Part VI			
6.08	GME for managed care prior to January 1			#DIV/0!		#DIV/0!	#DIV/0!		
21	Ratio of Part A reasonable cost to total reasonable cost (line 16 ÷ line 20)								21
22	Ratio of Part B reasonable cost to total reasonable cost (line 19 ÷ line 20)								22
	ALLOCATION OF MEDICARE DIRECT GME COSTS BETWEEN PART A AND PART B								
23.01	Total GME (sum of lines 6.01, 6.05 and 6.08)						#DIV/0!		23.01
24	Part A Medicare GME payment (line 21x23.01)(title XVIII only)						#DIV/0!		24
25	Part B Medicare GME payment (line 22 x 23.01)(title XVIII only)						#DIV/0!		25

MANUAL RECONCILIATION				
AMOUNT PER COST REPORT	CALCULATED	CALCULATED DIFFERENCE		
	Wkst E -3, Part IV, line 23.01	#DIV/0!		
	Wkst E Part A, line 11	#DIV/0!	**to W/S, E, Pt A, ln 24.50**	
	Wkst E Part B, line 21	#DIV/0!	**to W/S, E, Pt B, ln 30.50**	

DIRECT GRADUATE MEDICAL EDUCATION (GME) & ESRD OUTPATIENT DIRECT MEDICAL EDUCATION COSTS		Provider CCN:		Period			Worksheet E-3, Part VI		
			0	From:		01/00/1900			
				To:		01/00/1900			
		Title XVIII		Hospital			PPS		
					1	2		3	
9	Total approved amount for 422 residents								9
11	Direct GME payment for non-managed care days (line 9 x Wkst E-3, Part IV, line 6)						#DIV/0!		11
				On or after 1/1		Before 1/1			
	Percent Reduction for DGME for Medicare Advantage			0.00%		0.00%			
				#DIV/0!		#DIV/0!	#DIV/0!		
12	Direct GME payment for managed care days (line 9 times Wkst E-3, Part IV (line 6.02/line 5)			#DIV/0!		#DIV/0!	#DIV/0!		12

MANUAL CALCULATION FOR RECONCILATION OF GME

DIRECT GRADUATE MEDICAL EDUCATION (GME) & ESRD OUTPATIENT DIRECT MEDICAL EDUCATION COSTS	Provider CCN:		Period From: To:			Worksheet E-3, Part IV	
	Title XVIII		Hospital			PPS	
				1	2		3	
3.25	Total approved amount for resident costs						3.25
	COMPUTATION OF PROGRAM PATIENT LOAD						
4	Inpatient Days (see instructions)						4
5	Total Inpatient Days (see instructions)						5
6	Ratio of inpatient days to total inpatient days					#DIV/0!	6
				E-3, Part VI, line 11			
6.01	Total GME for non-managed care days (line 6 x line 3.25)		#DIV/0!	#DIV/0!	#DIV/0!		6.01
6.02	Medicare Managed Care days on or after January 1						6.02
6.03	Total inpatient days (line 5 above)				0		6.03
6.04	Enter the appropriate percentage for inclusion of the managed care days				100%		6.04
	Percent Reduction for DGME for Medicare Advantage on or after January 1						
					#DIV/0!		
				E-3, Part VI			
6.05	GME for managed care on or after January 1		#DIV/0!	#DIV/0!	#DIV/0!		6.05
6.06	Medicare managed care before January 1						6.06
6.07	Enter the appropriate percentage for inclusion of the managed care days				100%		31
	Percent Reduction for DGME for Medicare Advantage before January 1						
					#DIV/0!		
				E-3, Part VI			
6.08	GME for managed care prior to January 1		#DIV/0!	#DIV/0!	#DIV/0!		
21	Ratio of Part A reasonable cost to total reasonable cost (line 16 ÷ line 20)						21
22	Ratio of Part B reasonable cost to total reasonable cost (line 19 ÷ line 20)						22
	ALLOCATION OF MEDICARE DIRECT GME COSTS BETWEEN PART A AND PART B						
23.01	Total GME (sum of lines 6.01, 6.05 and 6.08)				#DIV/0!		23.01
24	Part A Medicare GME payment (line 21x23.01)(title XVIII only)				#DIV/0!		24
25	Part B Medicare GME payment (line 22 x 23.01)(title XVIII only)				#DIV/0!		25

MANUAL RECONCILIATION				
	CALCULATED			
AMOUNT PER COST REPORT			CALCULATED DIFFERENCE	
	Wkst E -3, Part IV, line 23.01	#DIV/0!		
	Wkst E Part A, line 11	#DIV/0!		**to W/S, E, Pt A, ln 24.50**
	Wkst E Part B, line 21	#DIV/0!		**to W/S, E, Pt B, ln 30.50**

DIRECT GRADUATE MEDICAL EDUCATION (GME) & ESRD OUTPATIENT DIRECT MEDICAL EDUCATION COSTS	Provider CCN:	0	Period From: To:	01/00/1900 01/00/1900		Worksheet E-3, Part VI	
	Title XVIII		Hospital			PPS	
				1	2		3	
9	Total approved amount for 422 residents						9
11	Direct GME payment for non-managed care days (line 9 x Wkst E-3, Part IV, line 6)					#DIV/0!	11
			On or after 1/1	Before 1/1			
	Percent Reduction for DGME for Medicare Advantage		0.00%	0.00%			
			#DIV/0!	#DIV/0!		#DIV/0!	
12	Direct GME payment for managed care days (line 9 times Wkst E-3, Part IV (line 6.02/line 5)		#DIV/0!	#DIV/0!		#DIV/0!	12