
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – INPATIENT HOSPITAL SERVICES (CONTINUED)

IV. Special Payment Provisions (Continued)

J. Teaching Hospitals Payments

Effective on or after 7/1/2011, teaching hospitals located in the State of Vermont shall be eligible for a Teaching Hospital Payment for their direct graduate medical education (DGME) and indirect medical education (IME) costs. The payment will be based on the most recent hospital year end where both cost and payment data are available for both scenarios listed below. An annual payment will be made which shall equal the lesser of:

1. 95 per cent of the sum of:

- a. DGME Payments: The product of (i) the total number of full time equivalent (FTE) medical residents working during the year in the teaching hospital and in non-provider settings recognized for Medicare DGME payment purposes, without regards to any Medicare adjustments in the number of FTE residents, including weighting factors and caps set forth in 42 C.F.R. §§ 413.79-413.80, (ii) the per-resident DGME payment amounts, calculated as set forth at 42 C.F.R. § 413.77, and (iii) the ratio of Medicaid inpatient hospital days to total inpatient hospital days; and
- b. IME Payments: The product of (i) total Medicaid DRG revenue for inpatient operating costs and (ii) the hospital-specific education adjustment factor for IME payments, calculated as set forth at 42 C.F.R. § 412.105 for purposes of determining Medicare IME payments for inpatient hospital services; or

2. The difference between the teaching hospital's Hospital Specific Limit as described in Section VIII.B. of this Attachment and DSH payments made to the teaching hospital in the current State Fiscal Year (SFY) pursuant to Section VIII.A.

During each SFY, DVHA shall make quarterly Teaching Hospital Payments equal to one-fourth of the annual payment amount projected at the beginning of the SFY based on the payment amount identified in J.1 or J.2 above. In the event that the calculations in J.1 and J.2 are recomputed based on audited cost report data, and it is determined that Teaching Hospital Payments were made in excess of the teaching hospital's Hospital Specific Limit as described in Section VIII.B, then the State will recoup any such excess payment in the next quarterly payment scheduled to be made to the Teaching Hospital.

The aggregate FFS Medicaid hospital payments, including Teaching Hospital Payments covered in this section, will not exceed the amount that would be paid for the services furnished under Medicare payment principles in compliance with UPL regulations at 42 C.F.R. 447.272.

Total Teaching Hospital Payments in any period shall not exceed the sum of

- (a) Intergovernmental Transfers ("IGTs") received by the State of Vermont to fund the non-federal portion of such Teaching Hospital Payments, plus
- (b) corresponding federal medical assistance payments.

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Supersedes

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METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE
(Continued)

12. Supplemental Payments for Qualified Teaching Professionals

- a. Notwithstanding other provisions of this Attachment 4.19-B, effective 7/1/2011, supplemental payment will be paid according to this subsection for professional services performed by Qualified Teaching Physicians (QTPs). The purpose of the supplemental payment is to ensure access to essential professional services for Medicaid beneficiaries through the care provided by teaching physicians on the faculty of the University of Vermont (UVM) College of Medicine.

QTPs include those physicians who are:

1. Licensed by the State of Vermont, where applicable;
 2. Enrolled as a State of Vermont Medicaid provider; and
 3. Hold salaried appointments on the faculty of the UVM College of Medicine and are employed by UVM Medical Group.
- b. A supplemental payment will be made for services provided by QTPs in an amount equal to the difference between the Medicaid payments otherwise made for the services and payments at the Average Commercial Rate. Only the professional component of a procedure is eligible for a supplemental payment. Payment will be made quarterly and will not be made prior to the delivery of services.
- c. The Average Commercial Rate to be paid to QTPs is determined as follows:
1. Compute the Average Commercial Fee Schedule: For the most recently completed calendar year, compute the average commercial payment rate per procedure code, including patient share amounts, paid by the top five commercial third party payers as determined by total billed charges reported for all QTPs. The average rate for each procedure code will be a straight average among all QTPs for which a rate is available.
 2. Calculate the Average Commercial Payment Ceiling: For the most recently completed calendar year, multiply the Average Commercial Fee Schedule rate for each procedure code as determined above by the number of times each procedure code was paid to QTPs on behalf of Medicaid beneficiaries as reported from the Medicaid Management Information System (MMIS). The sum of the product for all procedure codes subject to enhanced payment represents the Average Commercial Payment Ceiling.
 3. Calculate the Medicaid Payment Amount. Using the same data as in 11A.(c)(2), multiply the units for each procedure code by the most recent Medicaid rate on file for the procedure code.
- d. The Medicaid Supplemental Payment to QTPs equals the difference between the Average Commercial Payment Ceiling for the year and the total Medicaid Payment Amount for the year.
- e. Total Medicaid Supplemental Payment to QTPs hereunder in any period shall not exceed the sum of (a) Intergovernmental Transfers ("IGTs") received by the State of Vermont to fund the non-federal portion of such payments, plus (b) corresponding federal medical assistance payments.