

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: TENNESSEEMETHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
FOR INPATIENT HOSPITAL SERVICES

Payments for Graduate Medical Education

Beginning July 1, 2022, for each state fiscal year (July 1 – June 30), the Division of TennCare shall make payments to eligible hospitals in Tennessee to support graduate medical education (GME) residency programs.

Hospitals eligible for GME payment are Tennessee-based teaching hospitals that are either affiliated with an accredited Tennessee medical school GME program or have a GME program that is accredited with the Accreditation Council for Graduate Medical Education (ACGME). Eligible hospitals must also have residents performing services for that hospital.

GME payments are made from a pool totaling up to \$80,000,000 annually, based on available state funding. This pool is divided into two equal sub-pools (up to \$40,000,000 each, dependent on available state funding).

Sub-Pool A (up to \$40,000,000)

The payment methodology for Sub-pool A (up to \$40,000,000) is based on Medicaid utilization data. Medicaid utilization for each hospital shall be determined by identifying TennCare adjusted days (TennCare Days * (TennCare Charges / TennCare Inpatient Charges)) reported on the most recently available and approved Tennessee Joint Annual Report of Hospitals (JAR). The amount of payment an eligible hospital shall receive is based on each hospital's proportionate share of Medicaid utilization during the state fiscal year reflected in the most recently available and approved JAR.

Distributions from Sub-pool A are calculated as follows:

1. For each eligible hospital, divide the hospital's number of TennCare Adjusted Days by the sum total of TennCare Adjusted Days from all eligible hospitals to arrive at a hospital-specific Ratio of TennCare Adjusted Days.
2. Multiply each eligible hospital's Ratio of TennCare Adjusted Days by the total amount available for Sub-pool A to arrive at the hospital's payment from Sub-pool A.

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Sub-Pool B (up to \$40,000,000)

The payment methodology for Sub-pool B (up to \$40,000,000) is based on resident data. A filled resident position is a GME program position for which a resident is enrolled in an accredited Tennessee medical school program or is considered a resident at the Tennessee hospital accredited through the ACGME program, is enrolled in a full-time residency program and providing services in an eligible hospital and is receiving a salary. The number of filled resident positions in a program shall be determined by the hospital and the GME program. Once determined, the number of filled resident positions per eligible hospital shall be established and reported annually to TennCare in July of each year. The amount of payment an eligible hospital is entitled to receive is determined based on the hospital's proportionate share of residents for a given state fiscal year, weighted in favor of primary care residency.

Distributions from Sub-pool B are calculated as follows:

1. For each eligible hospital, add the number of Primary Care Residents and the number Non-Primary Care Residents to arrive at the number of Total Residents.
2. For each eligible hospital, add the number of Primary Care Residents to the number of Total Residents to arrive at the number of Weighted Total Residents.
3. For each hospital, divide the hospital's number of Weighted Total Residents by the sum of Weighted Total Residents for all eligible hospitals to arrive at a hospital-specific Ratio of Hospital Residents.
4. Multiply each eligible hospital's Ratio of Hospital Residents by the total amount available in Sub-pool B to arrive at each eligible hospital's payment from Sub-pool B.

A hospital's total payment for Graduate Medical Education is the sum of its payment from Sub-pool A and Sub-pool B described above.

TennCare shall establish payment totals at the beginning of each state fiscal year based on the above criteria. Payment totals from Sub-pool A and Sub-pool B for each eligible hospital shall be added together and divided into four equal payments that shall be distributed in lump sums to the eligible hospitals on a quarterly basis throughout the year.