

~~(Reserved for Future Use)~~

Managed Care Organization (MCO) Indirect Medical Education (IME) Outpatient Payments

This section of the state plan contains the provisions for making outpatient MCO IME payments to recognize the indirect costs related to the clinical training of physicians by qualifying teaching hospitals with approved graduate medical education programs. The managed care IME payments, which are based in part on managed care outpatient payments and utilization, shall not be included in the capitation rates paid to Medicaid MCOs. The state will determine the annual IME amount payable to qualifying hospitals prospectively for period that will begin each July 1. On a quarterly basis, qualifying hospitals will receive an IME payment equal to twenty-five percent (25%) of the annually determined IME amount. A quarterly payment will be made in each calendar quarter during the state's fiscal year.

No payment under this section is dependent on any agreement or arrangement for providers or related entities to donate money or services to a government entity.

A. Qualifying Hospitals:

Private non-profit academic medical centers associated with a public school of medicine located in counties without a public hospital whose population is 100,000 or more but less than 700,000 that report costs associated with residents, interns or fellows that participate in an approved medical residency program in their Medicare Hospital Cost Report, CMS Form 2552-10.

B. Determining MCO IME Payments:

The annual IME payment amount for qualifying teaching hospitals in accordance with section A, is determined using the hospital's ratio of residents to average daily census or beds and Medicaid MCO outpatient payments. The annual IME payment amount is calculated as follows:

(i) Calculate each hospital's IME Percentage:

$$2.27 \times ((1 + (\text{Residents} / \text{lesser of ADC or Beds})) ^ 0.405 - 1)$$

Residents - means the number of full-time-equivalent interns, residents or fellows who participate in an approved medical residency program, including programs in osteopathy, dentistry, and podiatry, as required in order to become certified by the appropriate specialty board as reported on the most recent Medicare Hospital Cost Report, CMS Form 2552-10, Worksheet S-3: Part I; Line 27, Column 9.

ADC – means the average daily outpatient 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.

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Beds - The total number of bed days available as reported in the most recent Medicare Hospital Cost Report, CMS Form 2552, Worksheet E, Part A, Line 4, Column 1.

- (ii) The IME percentage calculated in section (i) is multiplied by the hospital's Medicaid MCO outpatient payments including pre-print approved outpatient state directed payments authorized under 42 CFR 438.6(c).