

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 affiliated with at least one of four accredited Tennessee medical school GME programs and have residents from that program performing services on the campus of the teaching hospital. The following four accredited Tennessee medical schools have eligible GME programs a hospital may participate in: East Tennessee State University James H. Quillen College of Medicine, Meharry Medical College, University of Tennessee College of Medicine, Vanderbilt University School of Medicine.

GME payments are made from a pool totaling \$48,000,000 annually. This pool is divided into two equal sub-pools (\$24,000,000 each).

Sub-Pool A (\$24,000,000)

The payment methodology for Sub-pool A (\$24,000,000) 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 qualifying teaching hospital, divide the hospital's number of TennCare Adjusted Days by the sum total of TennCare Adjusted Days from all qualifying teaching hospitals to arrive at a hospital-specific Ratio of TennCare Adjusted Days.
2. Multiply each qualifying teaching hospital's Ratio of TennCare Adjusted Days by \$24,000,000 to arrive at the hospital's payment from Sub-pool A.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: TENNESSEE

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
FOR INPATIENT HOSPITAL SERVICES

Sub-Pool B (\$24,000,000)

The payment methodology for Sub-pool B (\$24,000,000) 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, is serving a full-time residency at 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 qualifying teaching hospital, add the number of Primary Care Residents and the number NonPrimary Care Residents to arrive at the number of Total Residents
2. For each qualifying teaching 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 hospitals to arrive at a hospital-specific Ratio of Hospital Residents.
4. Multiply each hospital's Ratio of Hospital Residents by \$24,000,000 to arrive at each 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 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.