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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 (the base year). 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 in the teaching hospital and in non-provider settings recognized for Medicare DGME payment purposes on the base year cost report, 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 annual~~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 it is subsequently determined, based on audited cost report data, that DSH payments made to the teaching hospital exceeded the hospital's Hospital Specific Limit described in Section VIII.B, then the State will recoup from the Teaching Hospital Payments an amount equal to the excess DSH payment. The amount will be recouped 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. The calculated teaching hospital supplemental payment amount ~~is \$9,886,559 per year~~can be found on the DVHA website.