

# Program Memorandum Intermediaries/Carriers

Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal AB-02-007

Date: JANUARY 28, 2002

## CHANGE REQUEST 2011

### **SUBJECT: Children's Hospital Graduate Medical Education (CHGME) Amendment to Change Request 1736**

The Health Resources and Services Administration (HRSA) has implemented the CHGME payment program to fund children's hospitals for support of GME. The authority for the program is under Title III, Section 340E of the Public Health Service Act as amended by Public Law 106-129 and 106-310. The statute requires that payments to freestanding children's hospitals be based on the full-time equivalent (FTE) resident count reported on the filed Medicare cost report for hospitals that report residents to Medicare.

As the CHGME Payment Program will need to verify FTE resident counts submitted by children's hospitals, the CHGME payment program would like the Fiscal Intermediary (FI) to provide this information directly to HRSA for the CHGME application process.

### **Guidelines for CMS Fiscal Intermediaries**

For children's hospitals that have filed a worksheet E-3, Part IV on their cost report at any time from 1996 and forward, the CHGME payment program would like the following to occur:

- 1) 60 days prior to the CHGME application deadline, submit an FTE count from the cost report for each relevant year to both HRSA and the children's hospital.
- 2) Work with hospitals for the subsequent 60 days to resolve discrepancies in FTE resident counts and make any adjustments to the counts deemed acceptable and appropriate according to CMS standards.
- 3) Resubmit an FTE count to HRSA and the children's hospital if there are revisions by the application deadline.

These submitted FTE resident counts are to be used for CHGME payment program purposes only. FI's are to conduct their FTE resident count review according to their normal course of business using CMS standards.

FI's should report whether the FTE resident counts were from cost reports that were:

- settled
- as filed
- amended (prior to any settlement)\*
- preliminary\*\*

\*The CHGME payment program will only accept changed FTE resident counts from amended reopened cost reports if the FI has performed some validation of the change. Once the check is done the FI should submit it to the CHGME payment program as a "preliminary" FTE resident count. (See definition below).

\*\*If the cost report has undergone any type of desk review or audit, either during the course of an initial settlement or a reopening, then the CHGME payment program would like any "preliminary"

**CMS-Pub.60AB**

FI-determined FTE resident count (according to CMS standards) as of 60 days prior to the application deadline.

4) If the FTE resident counts for a particular cost reporting period (e.g., 1998) have already been reported by the FI to the CHGME Payment Program and the cost report has not been settled, amended (if never settled) or reopened (if previously settled), the FI should indicate that there has been “no change” to the FTE resident count for that year.

5) The FIs are requested to waive the materiality requirements for reopening cost reports filed by hospitals that file full cost reports. The 3-year limit beyond which a hospital may not reopen a cost report will still apply.

### **Specific Information Requested**

The CHGME payment program would like the following information from all worksheet E-3, Part IV, from the 1996 cap year and forward.

1) Unweighted FTE count of allopathic and osteopathic residents in its most recent cost reporting period ending on or before December 31, 1996.

2) For Medicare cost reports ending between January 1, 1997 and September 30, 1997:

- Total unweighted FTE count for allopathic and osteopathic residents
- Total unweighted FTE count for all dental and podiatric residents
- Total weighted FTE count for allopathic and osteopathic residents
- Total weighted FTE count for dental and podiatric residents

The weighted FTE counts for all types of residents (allopathic, osteopathic, dental and podiatric) should equal lines 1 and 1.01 on worksheet E3 Part 4 of the cost report. The weighted FTE counts for the individual types of residents: medical (allopathic and osteopathic) and dental and podiatric should be available in the IRIS system or in the hospital records.

The unweighted FTE counts for different types of residents should be available in the IRIS system or in the hospital records.

3) For Medicare cost reports beginning between January 1, 1997 and September 30, 1997:

- Total unweighted FTE count for allopathic and osteopathic residents
- Total unweighted FTE count for all dental and podiatric residents
- Total weighted FTE count for allopathic and osteopathic residents
- Total weighted FTE count for dental and podiatric residents

The weighted FTE counts for all types of residents (allopathic, osteopathic, dental and podiatric) should equal lines 1 and 1.01 on Worksheet E3 Part 4 of the cost report.

The weighted FTE counts for the individual types of residents: medical (allopathic and osteopathic) and dental and podiatric should be available in the IRIS system or in the hospital records.

The unweighted FTE counts for different types of residents should be available in the IRIS system or in the hospital records.

4) From all Medicare cost reports, HCFA-2552-96, Worksheet E-3, Part IV, beginning on or after October 1, 1997:

- Line 3.01 – Unweighted Resident FTE counts for allopathic and osteopathic programs for cost reporting periods ending on or before December 31, 1996

- Line 3.02 – Unweighted resident FTE count for allopathic and osteopathic programs that meet the criteria for an add on to the cap for new program in accordance with 42 CFR 413.86(g)(6).
  - Line 3.03 – Unweighted FTE resident count for allopathic and osteopathic program for affiliated programs in accordance with 42 CFR 413.86(g)(4).
  - Line 3.04 - FTE Adjustment Cap
  - Line 3.05 – Unweighted Resident FTE Count for Allopathic and Osteopathic programs
  - Line 3.09 - Sum of lines 3.07 and 3.08 (total weighted FTE resident count for allopathic and osteopathic programs)
  - Line 3.12 - Sum of lines 3.10 and 3.11 (total weighted FTE residents for all programs)
  - Line 3.16 – Weighted number of FTE residents in the initial years of the primary care program that meet the exception
  - Line 3.17 – Weighted number of FTE residents in the initial years of another program that meet the exception.
- Unweighted number of FTE residents in the initial years of the primary care program that meet the exception. This information is only required if the hospital reported weighted FTEs on line 3.16 of their cost report. It should be available in the hospital's documentation.
  - Unweighted number of FTE residents in the initial years of another program that meet the exception. This information is only required if the hospital reported weighted FTEs on line 3.17 of their cost report. It should be available in the hospital's documentation.
  - Unweighted FTE count of dental and podiatric residents. This information is only required if the hospital reported weighted dental and podiatric residents. It should be available in the IRIS system or in the hospital's documentation.

### **Due Dates for Information**

FY 2002 Reconciliation - Information to be sent to CHGME Payment Program and hospitals on March 1, 2002. The FY 2002 reconciliation application is due May 1, 2002. All discrepancies must be resolved by then.

FY 2003 Application – Information to be sent to CHGME Payment Program and hospitals on June 1, 2002. The application deadline for the CHGME Payment Program is August 1, 2002 so all discrepancies must be resolved by then.

### **Where to Send Information**

Information is to be e-mailed to [childrenshospitalgme@hrsa.gov](mailto:childrenshospitalgme@hrsa.gov) or faxed to Ayah E. Johnson, Ph.D. at (301) 443-1879. She can be reached by phone at (301) 443-1058. An original, signed copy of the information should also be sent to:

Ayah E. Johnson, Ph.D.  
 Children's Hospital GME Program, Graduate Medical Education Branch  
 Division of Medicine and Dentistry  
 Bureau of Health Professions  
 Health Resources and Services Administration  
 Parklawn Building  
 5600 Fishers Lane, Room 9A-05  
 Rockville, MD 20857

**The *effective date* for this Program Memorandum (PM) is January 31, 2002.**

**The *implementation date* for this PM is March 1, 2002.**

**These instructions should be implemented within your current operating budget.**

**This PM may be discarded after March 1, 2003.**

**If you have any questions, contact Dave Czerski at 410-786-1292.**