

(<http://bhpr.hrsa.gov/childrenshospitalgme>).

Comment: One respondent noted that the Department should seek FI review of hospitals' resident counts and reporting of those counts consistent with the review for a given point in time and that the FIs should not be required to attest to hospitals' resident counts. The respondent noted that such an attestation suggests that the FI could be held legally liable for a hospital's error in resident counts even though the FI is not responsible for the maintenance and accuracy of the hospital's records. In addition, the review of resident counts reflects those counts at a point in time: The counts may be subject to change over time due to a variety of factors such as a cost report re-opening.

Response: The Department will not require the CHGME FIs to attest to a hospital's FTE resident count but instead will require a review of the FTE resident counts. This review will be based on the FTE resident counts submitted by the hospitals with their initial application for funding in a particular FFY. It will reflect the hospitals' FTE resident counts at a point in time just prior to the submission of the hospitals' reconciliation application. The hospital's reconciliation application must be consistent with the results of this CHGME PP FI FTE resident count assessment. The Department also recognizes that these FTE resident counts may change over time.

Comment: One respondent commented that although the Department should contract with FIs to provide independent review of resident counts for the CHGME PP, the hospitals should be able to have the same FI providing both the review and processing of their MCR and the assessment of resident FTE counts for their CHGME PP application.

Response: In developing a contract with the FIs to assess the FTE resident counts training in children's hospitals, the Department made every effort to ensure that the same FI would work with the hospital on both their MCR and their CHGME PP application. However, not all FIs chose to participate in the CHGME PP FTE resident assessment contract and, as a result, some hospitals will have different FIs reviewing their MCR and their CHGME PP application. It is important to note that the prime contractor for Medicare and the CHGME PP is the same. As a result, communications are facilitated between the Medicare and CHGME PP FIs in instances where the two are different entities. In those instances where a children's hospital has one FI for Medicare and one for CHGME PP,

information and FTE assessment results will be shared between both FIs.

Determining Revised Resident Counts for "New Children's Teaching Hospitals"

New children's teaching hospitals", as defined by the CHGME PP in its July 20, 2001 **Federal Register** notice, do not include those hospitals with a newly approved residency training program as described in 42 CFR 413.86(g)(6)(i). These "new children's teaching hospitals" will calculate FTE resident counts for the reconciliation application process using the methodology proposed in the September 25 **Federal Register** notice. This proposed methodology provides that the hospital would calculate its FTE resident counts in one of two ways:

1. If a hospital has filed a Medicare cost report (MCR) by the CHGME PP reconciliation application deadline, the hospital would report the actual number of resident FTEs trained during that cost reporting period;

2. If a hospital has not filed an MCR by the CHGME PP reconciliation application deadline, the hospital would determine the FTE residents training at the hospital from the beginning of the FFY for which payments are being made up to the reconciliation application deadline. The revised FTE resident count will equal the average number of FTE residents trained per day during this period multiplied by the total number of days the hospital will be training residents during the FFY for which payments are being made. In the event that a "new children's teaching hospital" counts residents in excess of its FTE resident cap as a result of an affiliation agreement with one or more other hospitals, it is important to note that the total number of FTE residents counted by members of the affiliated group cannot exceed the aggregate FTE cap for member hospitals. "New children's teaching hospitals" will report these updated FTE resident counts on form HRSA 99-1 of the reconciliation application.

Determining IME Payments for "New Children's Teaching Hospitals"

All hospitals, including "new children's teaching hospitals," must submit a complete reconciliation application. In completing form HRSA 99-2 (Indirect Medical Education) in the reconciliation application, "new children's teaching hospitals" will use the methodology described in the September 25 **Federal Register** notice. Those hospitals that have not filed an MCR or completed a full Medicare cost

reporting period will use the timeframe from the beginning of the FFY for which payments are being made up to the reconciliation application deadline date to determine the estimates needed to complete the form.

Reconciliation Payment Process

The Secretary will determine any balance due or any overpayment made to individual hospitals following the determination of changes, if any, to the number of residents reported by hospitals in their reconciliation applications. Hospitals will be notified, in writing, of the Secretary's final reconciliation payment determination during the fourth quarter (July 1–September 30) of the FFY in which payments are being made.

Hospitals that have been notified of an overpayment will have 30 days to return the overpayment to the Department without accrual of interest. Hospitals that fail to return overpayments within the specified timeframe will accrue and be responsible for any interest.

Reconciliation payments will be made to individual hospitals on or before the end of the FFY (September 30) in which payments are being made. The Secretary will include in the reconciliation payments all funding initially withheld from the hospital as a result of withholding required by statute. At the end of the FFY, the CHGME PP may make a final payment to distribute any remaining funds, including those funds that have been returned to the Department during the course of the FFY as a result of overpayment or hospitals' loss of eligibility.

All hospitals, whether or not they report changes to their resident FTE resident counts during the reconciliation process, can expect changes to their final payment determination as a result of FTE resident count changes reported by other participating hospitals. This is due to the methodology used to determine CHGME PP payments. Payments to individual hospitals are based upon the hospital's share of the total amount of DME and IME funding available for a given FFY. A hospital's portion of the total DME and IME funding available is calculated based on payment variables in the CHGME PP statute and regulations. This individual hospital portion (the numerator) is then divided by the sum of all hospitals' portions (the denominator) to determine the share of the total available funding to be distributed to the hospital. Hence, although an individual hospital's FTE resident count and subsequent portion (numerator) may not change at the time