

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



**Center for Medicaid and CHIP Services**

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OCT 27 2011

Toby Douglas  
Director of Health Care Programs  
California Department of Health Care Services  
P.O. Box 997413, MS 0000  
Sacramento, CA 95899-7413

Dear Mr. Douglas:

Enclosed is an approved copy of California State plan amendment (SPA) 11-011. This SPA proposes to reduce the reimbursement rates for freestanding skilled nursing facilities level-B and freestanding subacute skilled nursing facilities level-B by 10%, effective June 1, 2011. The SPA also proposes to provide a supplemental payment to these facilities by December 31, 2012 in the amount equivalent to the 10% reduction.

We conducted our review of your submittal with particular attention to the statutory requirements at sections 1902(a)(13) and 1902(a)(30) of the Social Security Act (Act). Because I find that this amendment complies with all applicable requirements, Medicaid State plan amendment 11-011 is approved effective June 1, 2011. We are enclosing the HCFA-179 and the amended plan pages.

As part of the analysis of this amendment, the State was able to provide metrics which adequately demonstrated beneficiary access in accordance with section 1902(a)(30)(A) of the Act. In general, these metrics included data which provided:

- Total number of providers by type and geographic location and participating Medi-Cal providers by type and geographic area
- Total number of Medi-Cal beneficiaries by eligibility type
- Utilization of services by eligibility type over time
- Analysis of benchmark service utilization where available

Data concerning these metrics were submitted for State Fiscal Years (SFY) 2008, 2009 and 2010. These metrics demonstrated a baseline level of beneficiary access that we find is consistent with the requirements of section 1902(a)(30)(A) of the Act prior to the implementation of SPA 11-011. As well as determining beneficiary access for SFY 2010, the State also submitted a monitoring plan as part of SPA 08-009B1 (also being approved today) that would apply to the services at issue in this SPA by which beneficiary access will be monitored on a service-by-service basis. The State will monitor predetermined

metrics on a quarterly or annual basis in order to ensure that beneficiary access is comparable to services available to the general population in the geographic area.

In light of the data CMS reviewed, the monitoring plan, and our consideration of stakeholder input, we have determined that the above mentioned amendment complies with section 1902(a)(30)(A) of the Act.

If you have any questions, please have your staff contact Mark Wong at (415)744-3561.

Sincerely,

/s/

Cindy Mann  
Director

Enclosures