



State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

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STATE PLAN AMENDMENT 11-011 (SUPPLEMENT 4 TO ATTACHMENT 4.19-D)

Dear Dr. Nagle:

The Department of Health Care Services is submitting the enclosed State Plan Amendment (SPA) 11-011 to describe a change in the reimbursement rate methodology applicable to long term care freestanding nursing facilities level-B.

On March 24, 2011, Assembly Bill (AB) 97 (Chapter 3, Statutes of 2011) was enacted into law reducing payments by 10 percent to AB 1629 skilled nursing facilities (SNFs) effective June 1, 2011. Further, Assembly Bill X1 19 will enact several changes to the AB 1629 reimbursement methodology for the rate years 2011-12 and 2012-13 (Welfare and Institutions Code Sections 14126.0-14126.035 & Health and Safety Code Sections 1324.20-1324.30). The Department will transmit the approved trailer bill once signed into law. The significant methodology adjustments, in relation to this SPA, include the following:

- Extend the sunset date by one additional year to July 31, 2013, for the AB 1629 Quality Assurance fee (QAF) and the rate-setting methodology.
- Apply the 10 percent payment reduction effective June 1, 2011, equally to each SNF's 2010-11 rates. For the 2011-12 rate year beginning August 1, 2011, the Department will offset the 10 percent payment reduction by a Medi-Cal rate increase (of up to 2.4 percent) applicable to the rate year. The net percent decrease will equally be applied to each SNF.
- End the 10 percent payment reductions on August 1, 2012.
- Revert back to a facility-specific rate methodology for the 2012-13 rate year, but hold harmless any facility from rates that are less than their rate that was on file on May 31, 2011.

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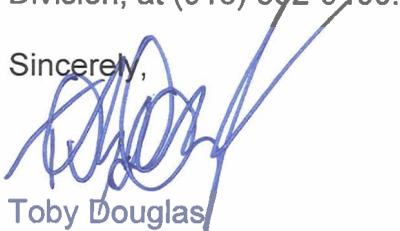
- To the extent the net increase was less than 2.4 percent for rate year 2011-12, provide the difference in rate year 2012-13.
- Provide a one-time supplemental payment in the 2012-13 rate year that is equivalent to the 10 percent reduction applied from June 1, 2011 to July 31, 2012, for Medi-Cal fee-for-service SNFs. The Department will provide the supplemental payment to Med-Cal fee-for-service SNFs by December 31, 2012, for claims adjudicated by October 1, 2012. Managed care SNFs will receive an actuarially equivalent amount of the supplemental payment.
- If the Department fails to provide the supplemental payment by December 13, 2012, then beginning January 1, 2013, the QAF will not be enforceable and any amount collected during the 2012-13 rate year will be refunded to each SNF no later than February 1, 2013.
- Delay implementation of the Quality and Accountability Supplemental Payment System (QASP) for one year.
- Delay until rate year 2012-13 the set-aside to the QASP of one percent of the AB 1629 facilities reimbursement rate.

A notice of General Public Interest explaining the payment rate reductions for these long-term care services was published in the May 27, 2011, California State Notice Register.

The Department notified Indian Health Programs and Urban Indian Organizations of the reduction to Medi-Cal reimbursement rates for the various long-term services in a letter dated May 16, 2011. On May 31, 2011, a Webinar was hosted and the Department presented additional information related to various SPAs, including SPA 11-011.

If you have any questions or concerns regarding the proposed provisions, please contact Ms. Vickie Orlich, Chief, Medi-Cal Benefits, Waiver Analysis, and Rates Division, at (916) 552-9400.

Sincerely,



Toby Douglas
Director

Enclosures

cc: Continued on next page.

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cc: Kristin Fan, Acting Director
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