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

DEC 20 2013

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

RE: California State Plan Amendment 13-034

Dear Mr. Douglas:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 13-034. This amendment exempts distinct part nursing facility (Level B) located in rural and frontier areas from the current rate reduction effective September 1, 2013, and exempts all other distinct part nursing facility (Level B) from the current rate reduction effective October 1, 2013.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. This is to inform you that Medicaid State plan amendment TN 13-034 is approved effective September 1, 2013. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Mark Wong at 415-744-3561.

Sincerely,

Cindy Mann
Director

Enclosures

OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: **13-034**

2. STATE: **California**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE: **September 1, 2013**

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:

~~AB 97~~ 42 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT:

a. FFY **2012-2013** $ 1,028,689 **(1 month)**

b. FFY **2013-2014** 65,897,055 $ ~~12,345,371~~ **(12 months)**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D Pages 15.4a, 15.4a.1

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:

Attachment 4.19-D Page 15.4a

10. SUBJECT OF AMENDMENT:

Exemption to designated Rural or Frontier Distinct Part Nursing Facilities – Level B from AB 97 10% reduction and rate freeze.

11. GOVERNOR'S REVIEW *(Check One)*:

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:
The Governor's Office does not wish to review State Plan Amendments

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: **Toby Douglas**

14. TITLE: **Director**

15. DATE SUBMITTED: 9/26/13

16. RETURN TO:

Department of Health Care Services
Attn: State Plan Coordinator
1501 Capitol Avenue, Suite 71.326
P.O. Box 997417
Sacramento, CA 95899-7417

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: DEC 20 2013

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: SEP 01 2013

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Penny Thompson

22. TITLE: Deputy Director, Policy Financial Ag. HCS

23. REMARKS:

Pen and ink changes made to Boxes 6 and 7 by CMS Regional Office with state concurrence.

FORM HCFA-179 (07-92)

2. Skilled Nursing Facilities that are Distinct parts of General Acute Care Hospitals – Level B (DP/NF–B)

Distinct Part Nursing Facilities Level B		
Period	Reduction	With Respect to:
07/01/08 - 07/31/08	10%	Prospective rate for 2007/08
08/01/08 - 02/28/09	10%	Prospective rate for 2008/09
03/01/09 - 04/05/09	5%	Prospective rate for 2008/09
08/01/09 - 02/23/10	Set at Prospective rate for 2008/09	
03/01/11 - 05/31/11	5%	Prospective rate for 2008/09
06/01/11 - Present	10%	Prospective rate for 2008/09

a. A Distinct Part Nursing Facility – Level B (DP/NF-B) is exempt from the reductions set forth in this Paragraph 2 and in subdivision (j) of Section 14105.192 of the California Welfare and Institutions (W&I) Code as in effect on June 28, 2011, on and after February 18, 2012, if the facility provides services to patients, 90 percent or more of whom are under 21 years of age at the time services are rendered.

For each State Plan Rate Year (as described in paragraph E of Section I at page 3 of this Attachment), the State will review the most recent Audits and Investigations Audit Report, used for rate setting, for total Pediatric Bed Days to identify those facilities that met the criteria stated above. If a facility is determined to meet the criteria, it will be exempt from the rate reduction for the given rate year.

b. On or after September 1, 2013, a DP/NF-B, designated as rural or frontier, is exempt from the reductions set forth in this Paragraph 2 and subdivision (j) of Section 14105.192 of the W&I Code as in effect on June 28, 2011.

For purposes of this exemption, a provider is designated as rural if the provider has been determined to be rural by the Office of Statewide Health Planning & Development (OSHPD) using Hospital Annual Utilization Data (HAUD) and identified rural Medical Study Services Area (MSSA) data. A provider is designated as frontier if the provider has been determined to be frontier by OSHPD using HAUD and identified frontier MSSA data.

c. On or after October 1, 2013, every DPNF-B, in addition to the rural and frontier DP/NF-Bs indicated above, is exempt from the reductions set forth in this Paragraph 2 and subdivision (j) of Section 14105.192 of the W&I Code as in effect on June 28, 2011.

3. Subacute Care Units that are, or are parts of, Distinct Parts of General Acute Care Hospitals (DP/NF Subacute)

Distinct Part Adult Subacute		
Period	Reduction	With Respect to:
07/01/08 - 07/31/08	10%	Prospective rate for 2007/08
08/01/08 - 02/28/09	10%	Prospective rate for 2008/09
03/01/09 - 04/05/09	5%	Prospective rate for 2008/09
08/01/09 - 02/23/10	Set at Prospective rate for 2008/09	