



JENNIFER KENT  
DIRECTOR

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



EDMUND G. BROWN JR.  
GOVERNOR

July 2, 2018

Ms. Hye Sun Lee  
Associate Regional Administrator  
Division of Medicaid and Children's Health Operations  
Centers for Medicare & Medicaid Services  
San Francisco Regional Office  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6707

STATE PLAN AMENDMENT 18-0029 EXTENSION OF SUPPLEMENTAL PAYMENT  
FOR INTERMEDIATE CARE FACILITIES FOR THE DEVELOPMENTALLY DISABLED

Dear Ms. Lee:

The Department of Health Care Services (DHCS) is submitting the enclosed SPA 18-0029 documents for your review and approval. SPA 18-0029 extends the supplemental payment program for Intermediate Care Facilities for the Developmentally Disabled (ICF/DD), ICF/DD-Habilitative (ICF/DD-H), and ICF/DD-Nursing (ICF/DD-N), for services rendered beginning August 1, 2018 through July 31, 2019.

As currently proposed in the California State Budget for 2018-19, a specified portion of the California Healthcare, Research and Prevention Tobacco Tax Act (commonly known as Prop. 56) revenue will be allocated to DHCS for use as the nonfederal share of health care expenditures in accordance with the annual state budget process for the 2018-19 state fiscal year.

This program provides a supplemental payment to ICF/DDs, ICF/DD-Hs, and ICF/DD-Ns that is calculated based on the difference between the frozen rate at the 2008-09 65th percentile increased by 3.7%, pursuant to ABX 2 1 (Chapter 3, Statutes of 2016), and the unfrozen 2017-18 rate.

The supplemental payment amounts, as shown in the chart below, are addition to the rate the facilities receive under the current reimbursement methodology, as long as the total Medi-Cal reimbursement does not exceed any applicable federal upper payment limit.

<b>Facility Peer Group</b>	<b>LTC Accommodation Code (regular services)</b>	<b>Behold Accommodation Code</b>	<b>Supplemental Payment Per Diem</b>
ICF/DD	41 (1-59 beds)	43	\$15.47
ICF/DD	41 (60+ beds)	43	\$0.00
ICF/DD-H	61 (4-6 beds)	63	\$10.75
ICF/DD-H	65 (7-15 beds)	68	\$0.00
ICF/DD-N	62 (4-6 beds)	64	\$12.47
ICF/DD-N	66 (7-15 beds)	69	\$22.30

DHCS will publish the public notice prior to the proposed effective date of August 1, 2018. Additionally, CMS approved DHCS' request for no tribal notice for this SPA.

If you have any questions or concerns regarding the proposed provisions, please contact Ms. Connie Florez, Chief of the Fee-For-Service Rates Development Division, at (916) 552-9600.

Sincerely,

ORIGINAL SIGNED

Mari Cantwell  
Chief Deputy Director  
Health Care Programs  
State Medicaid Director

cc: Ms. Connie Florez, Chief  
Fee-For-Service Rates Development Division  
1501 Capitol Avenue, MS 4600  
Sacramento, CA 95814

Mr. Mark Wong  
Division of Medicaid & Children's Health Operations  
Centers for Medicare & Medicaid Services  
San Francisco Regional Office  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6707

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 18-0029	2. STATE CALIFORNIA
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		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 August 1, 2018	
5. TYPE OF PLAN MATERIAL (Check One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:  Title 42 § CFR 447 Subpart C		7. FEDERAL BUDGET IMPACT: A. FFY 2018/19    \$ 9,774,747 B. FFY 2019/20    \$ 3,258,249	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-D, Page 35		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  N/A	
10. SUBJECT OF AMENDMENT: The Department of Health Care Services (DHCS) is amending the State Amendment Plan (SPA) Attachment 4.19-D, to authorize a one-year extension to the supplemental payment program for Intermediate Care Facilities for the Developmentally Disabled, including Habilitative and Nursing facilities. California voters approved Prop. 56, which allocates a portion of the tobacco tax revenue for specified DHCS health care expenditures during the 2018-19 state fiscal year. This program will provide a supplemental payment calculated based on the difference between the current methodology and the unfrozen 2017-18 rate, as long as the total Medi-Cal reimbursement does not exceed any applicable federal upper payment limit. This supplemental payment would be in addition to the rate they receive under the current reimbursement methodology.			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: The Governor's Office does not wish to review the State Plan Amendment.	
ORIGINAL SIGNED		16. RETURN TO:	
State Medicaid Director		<b>Department of Health Care Services</b> <b>Attn: State Plan Coordinator</b> <b>1501 Capitol Avenue, Suite 71.326</b> <b>P.O. Box 997417</b> <b>Sacramento, CA 95899-7417</b>	
15. DATE SUBMITTED: July 2, 2018			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:		18. DATE APPROVED:	
<b>PLAN APPROVED – ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL:		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME:		22. TITLE:	
23. REMARKS:			

## **Time Limited Supplemental Payment Program for Intermediate Care Facilities For The Developmentally Disabled, Including Habilitative And Nursing Facilities**

### A. Scope and Authority

This program provides supplemental payments to Intermediate Care Facilities for the Developmentally Disabled (ICF/DD), Intermediate Care Facilities for the Developmentally Disabled-Habilitative (ICF/DD-H), and Intermediate Care Facilities for the Developmentally Disabled-Nursing (ICF/DD-N). The supplemental payments will be provided for dates of service beginning August 1, 2017 through July 31, 2019. State-owned ICF/DD facilities are excluded from the supplement payment.

### B. Supplemental Payment Methodology

The supplemental payment program for ICF/DD, ICF/DD-H, and ICF/DD-N facilities will consist of the following:

1. Supplemental payments calculated based on the difference between the current rate methodology as described in Attachment 4.19-D, Section IV, paragraph M, which is frozen at the 2008-09 65<sup>th</sup> percentile increased by 3.7%, and the unfrozen 2017-18 65<sup>th</sup> percentile rate. The unfrozen 2017-18 65<sup>th</sup> percentile rate is the rate that would have been calculated in Attachment 4.19-D, Section IV, without the application of paragraphs K through M.
2. The total fee-for-service supplemental payment amount for each facility will be calculated based on the supplemental payment peer group per diem differential, as described in B 1., multiplied by the facility's total Medi-Cal fee-for-service days claimed for dates of service between August 1, 2017 through July 31, 2019. The resulting supplemental payment amounts are as reflected in the chart below. Facilities in peer groups in which the unfrozen 2017-18 65<sup>th</sup> percentile rate is lower than the current reimbursement rate will not receive the supplemental payment.

<b>Facility Peer Group</b>	<b>LTC Accommodation Code (regular services)</b>	<b>Behold Accommodation Code</b>	<b>Supplemental Payment Per Diem</b>
ICF/DD	41 (1-59 beds)	43	\$15.47
ICF/DD	41 (60+ beds)	43	\$0.00
ICF/DD-H	61 (4-6 beds)	63	\$10.75
ICF/DD-H	65 (7-15 beds)	68	\$0.00
ICF/DD-N	62 (4-6 beds)	64	\$12.47
ICF/DD-N	66 (7-15 beds)	69	\$22.30

TN 18-0029  
Supersedes  
TN 17-028

Approval Date: \_\_\_\_\_ Effective Date: 8/1/2018

3. The supplemental payments will be paid concurrently with the reimbursement rates the facilities receive under the current reimbursement methodology, as described in State Plan Amendment 4.19-D. Thus, the total reimbursement amount that an eligible facility will receive for services rendered between August 1, 2017 through July 31, 2019, is the sum of the facility's reimbursement rate under the current reimbursement methodology and the supplemental payment.
  
4. The total Medi-Cal reimbursement shall not exceed any applicable federal upper payment limit. If the supplemental payments for eligible ICF/DD; ICF/DD-H; and ICF/DD-N facilities, as computed above, result in total Medi-Cal payments that exceed the federal upper payment limit for the time period beginning August 1, 2017 through July 31, 2019, each provider's total supplemental payment must be reduced pro-rata so that total payments would be equal to the amount available in the federal upper payment limit.