



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

September 26, 2013

Gloria Nagle, PhD, MPA
Associate Regional Administrator
Centers for Medicare and Medicaid Services
Division of Medicaid and Children's Health
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

STATE PLAN AMENDMENT (SPA) 13-034

Dear Ms. Nagle:

The Department of Health Care Services is submitting the enclosed State Plan Amendment (SPA) 13-034, to exempt, effective September 1, 2013, designated rural or frontier Distinct Part Nursing Facilities – Level B (DP/NF-B) from the Assembly Bill (AB) 97 reimbursement reductions (Chapter 3, Statutes of 2011).

Specifically, to ensure access in rural and frontier areas, SPA 13-034 proposes to exempt designated rural or frontier DP/NF-Bs from the freezing of the rates at the 2008-09 levels and the 10% payment reduction, implemented under AB 97. Enclosed is SPA page 15.4a and an additional page 15.4a.1 of Attachment 4.19-D describing the exemption methodology.

If you have questions or concerns regarding the proposed provisions, please contact Mr. John Mendoza, Chief, Fee-For-Service Rates Development Division, at (916) 552-9400.

Sincerely,

ORIGINAL DOCUMENT SIGNED BY:

Toby Douglas
Director

Enclosures

Gloria Nagle, PhD, MPA
Page 2

cc: John Mendoza, Chief
Fee-For-Service Rate Development Division
1501 Capitol Avenue, Suite 71.4001
MS 4600
Sacramento, CA 95814

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 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 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.** A Distinct Part Nursing Facility – Level 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 California Welfare and Institutions Code as in effect on June 28, 2011, on and after September 1, 2013.

The designated rural and frontier DP/NF-B providers subject to this exemption are determined based on the Office of Statewide Planning & Development Hospital Annual Utilization definition, that uses data from Metropolitan Study Services Areas (MSSA) Designations. In addition, the Department may also exempt facilities not designated as rural or frontier in the MSSA database, if the DP/NF-B beds are located in designated rural and frontier areas.

TN. 13-03412-012

Supersedes

TN. 12-012 Approval Date _____ Effective Date September 1, 2013

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	

TN.. 13-034
Supersedes
TN.. NONE

Approval Date _____

Effective Date September 1, 2013

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 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 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. A Distinct Part Nursing Facility – Level 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 California Welfare and Institutions Code as in effect on June 28, 2011, on and after September 1, 2013.

The designated rural and frontier DP/NF-B providers subject to this exemption are determined based on the Office of Statewide Planning & Development Hospital Annual Utilization definition, that uses data from Metropolitan Study Services Areas (MSSA) Designations. In addition, the Department may also exempt facilities not designated as rural or frontier in the MSSA database, if the DP/NF-B beds are located in designated rural and frontier areas.

TN. 13-034
Supersedes

TN. 12-012 Approval Date _____ Effective Date September 1, 2013

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	

TN.. 13-034
Supersedes
TN. NONE

Approval Date _____ Effective Date September 1, 2013