



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



EDMUND G. BROWN JR.  
Governor

DEC 23 2011

Mr. Mark Cooley  
National Institutional Reimbursement Team  
Centers for Medicare & Medicaid Services  
Center for Medicaid and State Operations  
7500 Security Boulevard, M/S S3-13-15  
Baltimore, MD 21244-1850

STATE PLAN AMENDMENTS 11-010A and 11-010B

Dear Mr. Cooley:

California Assembly Bill (AB) 97 (Statutes of 2011) authorizes the Department of Health Care Services (DHCS) to reduce Medi-Cal payments for long term care (LTC) provider types by an amount not to exceed ten percent of the 2008-09 rate, effective for dates of service on or after June 1, 2011. DHCS is requesting the Centers for Medicare & Medicaid Services (CMS) allow DHCS to "split" State Plan Amendment (SPA) 11-010A into two separate components: SPA 11-010A and SPA 11-010B. Splitting SPA 11-010A into two separate SPAs will allow DHCS additional time to finalize decisions on the types of payment adjustments that will be made to different LTC provider types.

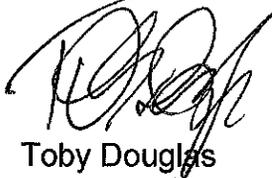
SPA 11-010A (after being split) will amend Attachment 4.19-D, page 15.4b, to implement a Medi-Cal payment reduction for Freestanding Pediatric Subacute Facilities authorized by State law enacted subsequent to AB 97. SPA 11-010B will amend Attachment 4.19-D by adding pages 15.4c.1 and 15.4c.2. These new pages will be amended later to reflect the final decisions made on the AB 97 payment reductions applicable to four of the six LTC facility types referenced in the original SPA 11-010A.

Please note that DHCS has included Form HCFA-179 for each of the two SPAs. DHCS is aware that the "90 day clock" applicable to the split SPAs will expire on January 2, 2012. Therefore, due to that impending time limit, DHCS is requesting that CMS take SPAs 11-010A and 11-010B "off the clock."

Mr. Mark Cooley  
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If you have any further questions regarding the SPAs, please contact Mr. Tim Matsumoto, Chief, Fee-For-Service Rates Development, at (916) 552-9600.

Sincerely,

A handwritten signature in black ink, appearing to read 'Toby Douglas', written in a cursive style.

Toby Douglas  
Director

Enclosures

cc: Tim Matsumoto, Chief  
Fee-For-Service Rates Development  
1501 Capitol Avenue, MS 4600  
Sacramento, CA 95814

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:  
**11-010A**

2. STATE  
**CA**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

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  
**June 1, 2011**

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:

**AB97**

7. FEDERAL BUDGET IMPACT:

a. FFY **2010-2011**                      \$ **<827,031 >**  
b. FFY **2011-2012**                      \$ **<2,481,093 >**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

**Attachment 4.19-D Page 15.4b and 15.4c**

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

**Attachment 4.19-D Page 15.4b and 15.4c**

10. SUBJECT OF AMENDMENT:

**Reduced payment rates as mandated by Assembly Bill 97**

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 the State Plan Amendment.

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:  
**Toby Douglas**

14. TITLE:  
**Director**

15. DATE SUBMITTED:

**12/22/11**

16. RETURN TO:

**Department of Health Care Services  
Attn: State Plan Coordinator  
1501 Capitol Avenue, Suite 71.3.26  
P.O. Box 997417  
Sacramento, CA 95899-7417**

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

22. TITLE:

23. REMARKS:

4. Freestanding Pediatric Subacute Care Unit

| <b>Freestanding Pediatric Subacute</b> |                                     |                              |
|--|-------------------------------------|------------------------------|
| Period                                 | Reduction                           | With Respect to:             |
| 08/01/09 - 05/31/11                    | Set at Prospective rate for 2008/09 |                              |
| 06/01/11 - Present                     | 5.75%                               | Prospective rate for 2008/09 |

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

| <b>Distinct Part Pediatric Subacute</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 |                              |

6. Intermediate Care Facilities for the Developmentally Disabled (ICF/DD)

| <b>ICF/DD</b>      |                                     |                  |
|--------------------|-------------------------------------|------------------|
| Period             | Reduction                           | With Respect to: |
| 08/01/09 - Present | Set at Prospective rate for 2008/09 |                  |

7. Intermediate Care Facilities for the Developmentally Disabled – Habilitative (ICF/DD-H)

| ICF/DD - H         |                                     |                  |
|--------------------|-------------------------------------|------------------|
| Period             | Reduction                           | With Respect to: |
| 08/01/09 - Present | Set at Prospective rate for 2008/09 |                  |

8. Intermediate Care Facilities for the Developmentally Disabled – Nursing (ICF/DD-N)

| ICF/DD - N         |                                     |                  |
|--------------------|-------------------------------------|------------------|
| Period             | Reduction                           | With Respect to: |
| 08/01/09 - Present | Set at Prospective rate for 2008/09 |                  |

9. Rural Swing Bed

| Rural Swing Bed     |                                     |                              |
|---------------------|-------------------------------------|------------------------------|
| Period              | Reduction                           | With Respect to:             |
| 07/01/08 - 07/31/08 | 10%                                 | Prospective rate for 2007/08 |
| 08/01/08 - 10/31/08 | 10%                                 | Prospective rate for 2008/09 |
| 08/01/09 - 02/23/10 | Set at Prospective rate for 2008/09 |                              |
| 03/01/11 - Present  | Set at Prospective rate for 2008/09 |                              |

L. The payment reductions in boxes (1) through (9) will be monitored in accordance with the monitoring plan at Attachment 4.19-F, entitled "Monitoring Access to Medi-Cal Covered Healthcare Services".

TN. No. 11-010A  
Supersedes  
TN. No. 08-009D

Approval Date \_\_\_\_\_

Effective Date June 1, 2011

4. Freestanding Pediatric Subacute Care Unit

| Freestanding Pediatric Subacute                  |  |   |
|--|--|---|
| Period   | Reduction                              | With Respect to:                        |
| 08/01/09 – <del>Present</del><br><u>05/31/11</u> | Set at Prospective rate<br>for 2008/09 |   |
| <u>06/01/11 - Present</u>                        | <u>5.75%</u>                           | <u>Prospective rate for<br/>2008/09</u> |

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

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

6. Intermediate Care Facilities for the Developmentally Disabled (ICF/DD)

| ICF/DD             |  |                  |
|--------------------|--|------------------|
| Period             | Reduction                              | With Respect to: |
| 08/01/09 - Present | Set at Prospective rate for<br>2008/09 |                  |

7. Intermediate Care Facilities for the Developmentally Disabled – Habilitative (ICF/DD-H)

| <b>ICF/DD - H</b>  |                                     |                  |
|--------------------|-------------------------------------|------------------|
| Period             | Reduction                           | With Respect to: |
| 08/01/09 - Present | Set at Prospective rate for 2008/09 |                  |

8. Intermediate Care Facilities for the Developmentally Disabled – Nursing (ICF/DD-N)

| <b>ICF/DD - N</b>  |                                     |                  |
|--------------------|-------------------------------------|------------------|
| Period             | Reduction                           | With Respect to: |
| 08/01/09 - Present | Set at Prospective rate for 2008/09 |                  |

9. Rural Swing Bed

| <b>Rural Swing Bed</b> |                                     |                              |
|------------------------|-------------------------------------|------------------------------|
| Period                 | Reduction                           | With Respect to:             |
| 07/01/08 - 07/31/08    | 10%                                 | Prospective rate for 2007/08 |
| 08/01/08 - 10/31/08    | 10%                                 | Prospective rate for 2008/09 |
| 08/01/09 - 02/23/10    | Set at Prospective rate for 2008/09 |                              |
| 03/01/11 - Present     | Set at Prospective rate for 2008/09 |                              |

L. The payment reductions in boxes (1) through (9) will be monitored in accordance with the monitoring plan at Attachment 4.19-F, entitled "Monitoring Access to Medi-Cal Covered Healthcare Services".

TN. No. 11-010A  
Supersedes  
TN. No. 08-009D

Approval Date \_\_\_\_\_ Effective Date June 1, 2011

## 4. Freestanding Pediatric Subacute Care Unit

| <b>Freestanding Pediatric Subacute</b> |                                     |                              |
|--|-------------------------------------|------------------------------|
| Period                                 | Reduction                           | With Respect to:             |
| 08/01/09 – 05/31/11                    | Set at Prospective rate for 2008/09 |                              |
| 06/01/11 - Present                     | 5.75%                               | Prospective rate for 2008/09 |

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

| <b>Distinct Part Pediatric Subacute</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 |                              |

## 6. Intermediate Care Facilities for the Developmentally Disabled (ICF/DD)

| <b>ICF/DD</b>      |                                     |                  |
|--------------------|-------------------------------------|------------------|
| Period             | Reduction                           | With Respect to: |
| 08/01/09 - Present | Set at Prospective rate for 2008/09 |                  |

7. Intermediate Care Facilities for the Developmentally Disabled – Habilitative (ICF/DD-H)

| <b>ICF/DD - H</b>  |                                     |                  |
|--------------------|-------------------------------------|------------------|
| Period             | Reduction                           | With Respect to: |
| 08/01/09 - Present | Set at Prospective rate for 2008/09 |                  |

8. Intermediate Care Facilities for the Developmentally Disabled – Nursing (ICF/DD-N)

| <b>ICF/DD - N</b>  |                                     |                  |
|--------------------|-------------------------------------|------------------|
| Period             | Reduction                           | With Respect to: |
| 08/01/09 - Present | Set at Prospective rate for 2008/09 |                  |

9. Rural Swing Bed

| <b>Rural Swing Bed</b> |                                     |                              |
|------------------------|-------------------------------------|------------------------------|
| Period                 | Reduction                           | With Respect to:             |
| 07/01/08 - 07/31/08    | 10%                                 | Prospective rate for 2007/08 |
| 08/01/08 - 10/31/08    | 10%                                 | Prospective rate for 2008/09 |
| 08/01/09 - 02/23/10    | Set at Prospective rate for 2008/09 |                              |
| 03/01/11 - Present     | Set at Prospective rate for 2008/09 |                              |

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