



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

June 28, 2012

Gloria Nagle, PhD, MPA
Associate Regional Administrator
Centers for Medicare and Medicaid Services
Division of Medicaid and Children's Health
90 7th Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

Dear Ms. Nagle:

California Assembly Bill (AB) 97 (Statutes of 2011) authorizes the Department of Health Care Services (DHCS) to reduce Medi-Cal payments for the long term care 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 submitting State Plan Amendments (SPA) 11-010A and 11-010B.

SPA 11-010A amends Attachment 4.19-D, pages 15.4b through 15.4b.2 and implements a Medi-Cal payment reduction for Freestanding Pediatric Subacute Facilities authorized by State law enacted subsequent to AB 97.

SPA 11-010B amends Attachment 4.19-D by adding pages 15.4c.1 through 15.4c.4 which implements a Medi-Cal payment reduction for; Intermediate Care Facilities for the Developmentally Disabled, Intermediate Care Facilities for the Developmentally Disabled-Habilitative, and Intermediate Care Facilities for the Developmentally Disabled-Nursing.

Enclosed you will find the following:

- SPA 11-010A – Attachment 4.19-D, pages 15.4b, 15.4b.1 and 15.4b.2
- SPA 11-010B – Attachment 4.19-D, pages 15.4c, 15.4c.1, 15.4c.2 and 15.4c.3
- HCFA 179 form

If you have any further questions regarding the SPAs, please contact Mr. John Mendoza, Acting Chief, Fee-For-Service Rates Development, at (916) 552-9600.

Sincerely,

A handwritten signature in black ink, appearing to read 'Toby Douglas', written over a horizontal line.

Toby Douglas
Director

Enclosures

cc: John Mendoza, Acting 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~~ **January 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 42 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT:

- a. FFY ~~2010-2011~~ 2011-12 \$ ~~(827,031)~~ **<1,770,400>**
b. FFY ~~2011-2012~~ 2012-13 \$ ~~(2,481,093)~~ **<2,371,200>**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

**Attachment 4.19-D Page 15.4b and 15.4c
Pages 15.4b, 15.4b.1, 15.4b.2**

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

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

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:
19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME:	22. TITLE:
23. REMARKS:	

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

1. TRANSMITTAL NUMBER:
11-010B

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~~ January 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 42 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT:

a. FFY ~~2010-2011~~ 2011-12 \$ ~~(7,959,906)~~ \$ <4,383,683>

b. FFY ~~2011-2012~~ 2012-13 \$ ~~(23,879,718)~~ \$ <5,844,711>

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D Page 15.4c.1 & 15.4c.2
Pages 15.4c.1, 15.4c.2,
15.4c.3

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

Attachment 4.19-D Page 15.4c.1, 15.4c.2
Page 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
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Sacramento, CA 95899-7417

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

19. PLAN APPROVED - ONE COPY ATTACHED:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

22. TITLE:

23. REMARKS:

4. Freestanding Pediatric Subacute Care Unit

Freestanding Pediatric Subacute		
Period	Reduction	With Respect to:
08/01/09 - 05/31/11 <u>12/31/11</u>	Set at Prospective rate for 2008/09	
06/01/11 <u>01/01/12</u> - Present	5.75%	Prospective rate for 2008/09

- a. In the event that DHCS determines, pursuant to subparagraph 4.b, that reduced per-diem reimbursement rates calculated using the methodology specified in this subparagraph K.4 may be insufficient to enlist or maintain participation of providers of Freestanding Pediatric Subacute services, DHCS will institute a per-diem rate for a 120-day review period for facilities statewide that will be equal to the per-diem reimbursement rates in effect for the 2008-09 rate-year. DHCS may adjust the per-diem rate for one or more mandates that are applicable to the providers of Freestanding Pediatric Subacute services.
- b. The determination described in subparagraph 4.a will be made when the number of licensed beds decreases by 5 percent or more, relative to when the per-diem reimbursement rate decrease took effect, in Freestanding Pediatric Subacute facilities, on a statewide basis, if the total resident occupancy on a statewide level is equal to or in excess of 98 percent. The number of licensed beds will be measured on an ongoing basis, and the occupancy levels will be measured on a quarterly basis in accordance with the DHCS' monitoring plan at Attachment 4.19-F, entitled "Monitoring Access to Medi-Cal Covered Healthcare Services." The effective date for making the determination set forth in this subparagraph will be based on the effective date of SPA 11-010A (that is January 1, 2012).
- c. The 120-day review period will begin on the date that DHCS notifies CMS of its intention to increase the rate. DHCS will also notify the affected providers of the effective date of the rate increase, and will provide the data that triggered the rate change.
- d. In conjunction with the reinstatement of per-diem reimbursement rates to the 2008-09 levels for the Freestanding Pediatric Subacute facilities statewide, DHCS will have a period of 120 days to conduct an analysis of the extent to which reduced per-diem reimbursement rates may have resulted in the decrease in the number of licensed beds. Once DHCS has concluded its analysis, it will notify Centers for Medicare & Medicaid Services' Regional Office and affected providers of its final determinations and provide the data

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Supersedes

TN. No. 08-009D

2011 January 1, 2012

Approval Date _____

Effective Date June 1,

in support of DHCS' analysis and conclusion. DHCS will then take one of the following actions:

- (i) Restore the reduced per-diem reimbursement rates previously in effect, because DHCS' analysis determined that the decrease in the number of licensed beds was not related to the reduced per-diem reimbursement rates.
 - (ii) Submit another SPA within the next 90 days following the initial 120 days to adjust the per-diem reimbursement rates. The higher rates paid under paragraph 4.a will remain in effect as the reimbursement rates up to the effective date of the new SPA. The higher rates paid under paragraph 4.a will also continue to be paid, as interim rates, from the effective date of that new SPA until that SPA is approved; the rates approved under the new SPA will then be retroactively applied back to the effective date of that SPA.
- e. The reimbursement rates resulting from the application of this Paragraph 4.a will be published on the DHCS website at the following link:
<http://www.dhcs.ca.gov/services/medi-cal/Pages/LTCRU.aspx>.
- f. Paragraphs 4.a through 4.f will remain in effect through and including December 31, 2013.

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 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	

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Supersedes
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Approval Date _____

Effective Date June 1,

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

ICF/DD		
Period	Reduction	With Respect to:
08/01/09 - Present <u>12/31/11</u>	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 <u>12/31/11</u>	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 <u>12/31/11</u>	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
~~2011~~January 1, 2012

Approval Date _____

Effective Date ~~June 1,~~