



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



EDMUND G. BROWN JR.
GOVERNOR

APR 29 2016

Ms. Kristin Dillon
Acting 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

Dear Ms. Dillon:

STATE PLAN AMENDMENT (SPA) 16-012: Amendment to Reimbursement Methodology to Intermediate Care Facilities for the Developmentally Disabled (ICF/DD), ICF/DD-Habilitative (ICF/DD-H), and ICF/DD-Nursing (ICF/DD-N) and provide a 3.7 percent rate increase, effective August 1, 2016.

The Department of Health Care Services (DHCS) is submitting the enclosed SPA 16-012, which will amend the reimbursement methodology to ICF/DD, ICF/DD-H, and ICF/DD-N, and provide a 3.7 percent rate increase, effective August 1, 2016.

DHCS is submitting the following SPA documents for your review and approval:

- CMS form 179-Transmittal and Notice of Approval of State Plan Material
- Attachment 4.19-D, Page 15.4c.1

Upon federal approval of this SPA, effective August 1, 2016, Intermediate Care Facilities for ICF/DD, ICF/DD-H, and ICF/DD-N shall be reimbursed the rates that were applicable to those facilities in the 2008–09 rate year, increased by 3.7 percent, pursuant to Section 14105.075 added to the Welfare and Institutions Code.

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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.

ORIGINAL SIGNED BY

MARI CANTWELL

Health Care Programs & State Medicaid Director

Enclosures

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

1. TRANSMITTAL NUMBER:
16-012

2. STATE
CALIFORNIA

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
August 1, 2016

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:
Title 42 CRF 447 Subpart C

7. FEDERAL BUDGET IMPACT:
a. FFY 2015/2016 \$ 2,093,415
b. FFY 2016/2017 \$ 12,560,488

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D, Pages 15.4c.1

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 proposing to change the Medi-Cal reimbursement rate methodology for Intermediate Care Facilities for the Developmentally Disabled (ICF/DD), ICF/DD-Habilitative (ICF/DD-H), and ICF/DD-Nursing (ICF/DD-N), to the 2008-09 rate year, increased by 3.7 percent effective August 1, 2016, pursuant to Section 14105.075 added to the Welfare and Institutions Code.

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.

ORIGINAL SIGNED BY
MARI CANTWELL

Chief Deputy Director
Health Care Programs & State Medicaid Director

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

15. DATE SUBMITTED:
APR 29 2016

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:

Effective August 1, 2016

M.1. Notwithstanding paragraph F.9 of this Attachment (at page 15) and paragraphs K.6 through K.8 (at pages 15.4b and 15.4c), effective August 1, 2016, the reimbursement rate for Intermediate Care Facilities for the Developmentally Disabled (ICF/DD), ICF/DD-Habilitative (ICF/DD-H), and ICF/DD-Nursing (ICF/DD-N) will be the reimbursement rate that was applicable to the facility in the 2008-09 rate year, at the 65th percentile established for the facility's respective peer group, increased by 3.7 percent. The reimbursement rate will also include the projected cost of complying with any new State or federal mandates to the extent applicable to the reimbursement methodology associated with the type of facility.

DHCS will determine each facility's projected costs by updating the facility's costs taken from cost reports that would have otherwise been used for rate-setting purposes in paragraph F (at page 13) for a given rate year (i.e., facility costs taken from the cost reports ending during State fiscal year July 1, 2010, through June 30, 2011 will be used as a basis for projected costs for the period from August 1, 2012, through July 31, 2013).

Effective August 1, 2014, DHCS has increased the interval between the cost reporting periods and the rate year in order to determine each facility's projected costs by utilizing the reported or audited costs that were used to calculate the 2013-14 rates.

Beginning with the 2015-16 rate year, and each rate year thereafter, DHCS will utilize reported or audited costs with fiscal periods ending in the calendar year that is two years prior to the beginning of the rate year (August 1) to establish each facility's projected rates (i.e., facility's cost report ending on or within January 1, 2013, through December 31, 2013 will be used to calculate the rates for the period from August 1, 2015, through July 31, 2016).

The reimbursement rates resulting from the application of this Paragraph M.1 will be published on the DHCS website at the following link:

<http://www.dhcs.ca.gov/services/medi-cal/Pages/LTCRU.aspx>.

2. Each ICF/DD, ICF/DD-H, and ICF/DD-N will retain its supporting financial and statistical records for a period of not less than three years following the date of submission of its cost report and will make such records available upon request to authorized state or federal representatives, as described in Welfare and Institutions Code, section 14124.1.