

**DEPARTMENT OF HEALTH CARE SERVICES
NOTICE OF GENERAL PUBLIC INTEREST**

**PROPOSED STATE PLAN AMENDMENT TO MODIFY THE FAIR RENTAL
VALUE SYSTEM COMPONENT OF THE COST-BASED REIMBURSEMENT
METHODOLOGY FOR CERTAIN SKILLED NURSING FACILITIES**

This notice provides information of public interest that the Department of Health Care Services (DHCS) intends to submit a State Plan Amendment (SPA) to modify existing capital cost criteria used in the approved State Plan methodology for establishing facility-specific reimbursement rates for Freestanding Skilled Nursing Facilities Level-B (FS/NF-B) and Subacute Care Units of Freestanding SNFs (FSSA/NF-B).

Specifically, DHCS intends to seek federal approval for the following revisions to the Fair Rental Value System methodology used to reimburse capital costs:

- (1) Beginning in the 2018-19 rate year, for any FS/NF-B or FSSA/NF-B built on or after January 1, 2016, establish estimated building value based on a standard facility size of 500 square feet per bed; each facility's licensed beds; and the R.S. Means Building Construction Cost Data, increased by 20%.
- (2) Beginning in the 2018-19 rate year, establish a 34-year maximum when identifying the age of a facility for purposes of the existing weighted average age calculation.

DHCS projects this proposal to be cost neutral resulting in neither an increase nor decrease in aggregate expenditures for the 2018-19 rate year.

The proposed effective date for this SPA is August 1, 2018, and is subject to approval by the federal Centers for Medicare and Medicaid Services (CMS).

Upon submission to CMS, a copy of the proposed SPA will be published at:
http://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending_2018.aspx

If you would like to view the SPA in person once it becomes available, please visit your local county welfare department. You may also request a copy of the proposed SPA from the mailing address or e-mail address below.

Any written comments may be sent to: Department of Health Care Services, Fee-For-Service Rate Development Division, 1501 Capitol Avenue, MS 4600, Sacramento, California 95899-7417, or may be emailed to Publicinput@dhcs.ca.gov. A copy of submitted public comments related to this SPA may be requested in writing to the mailing address or e-mail inbox identified above.

Release date: July 31, 2018