

UPDATED INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Title XIX of the Social Security Act provides for the federal Medicaid Program, administered in California by the California Department of Health Care Services (Department), as the California Medical Assistance (Medi-Cal) program. The Medi-Cal program provides qualified low-income persons (primarily families with children and the aged, blind, or disabled) with health care services. Under the authority of federal statutes, and regulations, and state law, each State adopts regulations: 1) establishing eligibility standards; 2) determining the type, amount, duration, and scope of services; 3) setting the rate of payment for services; and 4) administering the program.

Assembly Bill (AB) 1629 (Chapter 875, Statutes of 2004) added Health and Safety (H&S) Code, Sections 1324.20 through 1324.30, which establishes the Quality Assurance Fee (QAF) Program that requires the Department collect funds from licensed skilled nursing facilities as means to enhance federal financial participation for the Medi-Cal program as well as to provide higher reimbursement to support quality improvement efforts in these facilities.

Also, AB 1629 added Welfare and Institutions (W&I) Code, Sections 14126 through 14126.035, the Medi-Cal Long-Term Care (LTC) Reimbursement Act for skilled nursing facilities, which mandates that the Department establish a facility-specific rate setting system that reflects the costs and staffing levels associated with quality care for residents in skilled nursing facilities. Establishing a facility-specific rate more effectively ensures individual access to appropriate LTC services, promotes quality resident care, advances wages and benefits for facility staff, supports provider compliance with all applicable state and federal requirements, and encourages administrative efficiency.

The Department was granted authority to implement the provisions under AB 1629 through use of Provider Bulletins.

AB 1183 (Chapter 758, Statutes of 2008) extended the Department's authority to implement the QAF Program and the Medi-Cal LTC Reimbursement Act through Provider Bulletins until July 31, 2010. The legislature directed that emergency regulations be adopted on or before July 31, 2010. The emergency adoption of DHCS-06-102E was effective July 22, 2010 (OAL File #2010-0712-02E).

Senate Bill (SB) 853 (Chapter 717, Statutes of 2010) extended the QAF Program and the Medi-Cal LTC Reimbursement Act until July 31, 2012. In addition, SB 853 revised and implemented changes to the rate reimbursement methodology, QAF program and the new quality and accountability payment system. These changes were reflected in the re-adoption of the emergency regulations effective January 18, 2011 (OAL File # 2010-1231-01EE).

This regulatory action was set forth as an emergency as a result of the following: H&S Code Section 1324.23(b), which allows the Department to adopt emergency regulations

to implement Article 7.6, Skilled Nursing Facility Quality Assurance Fee; W&I Code, Section 14105, which requires the Department adopt emergency regulations to set rates that reflect legislative budgeting decisions; and W&I Code, Section 14126.027(b)(1), which authorizes the adoption of regulations to implement Article 3.8, Medi-Cal LTC Reimbursement Act and specifies such an adoption is deemed necessary for the immediate preservation of the public peace, health and safety, or general welfare for purposes of Sections 11346.1 and 11349.6 of the Government Code.

This Certificate of Compliance makes permanent the emergency regulations and proposed amendments under Title 22, California Code of Regulations (CCR), Article 9, Sections 52000, 52100 through 52104, 52500 through 52516, and 52600.

This regulatory action impacts licensed Freestanding Nursing Facility, Level-Bs and Freestanding Subacute Nursing Facility, Level-Bs by establishing the QAF Program and the Medi-Cal LTC reimbursement methodology, and specifically accomplishes the following:

- Defines terms relevant to the QAF Program and the Medi-Cal LTC reimbursement methodology.
- Sets forth uniform requirements and procedures for the QAF Program including provisions pertaining to: the facilities affected and determination of the amount due; the payment process, including incorporation by reference of the Freestanding Nursing Facility, Level-B (FS/NF-B) and Freestanding Subacute Nursing Facility, Level-B (FSSA/NF-B) Quality Assurance Fee Payment Invoice form DHCS 9116 (Rev. 03-10); exemptions; and change of ownership.
- Sets forth uniform standards, requirements and procedures for the Medi-Cal LTC reimbursement methodology including provisions pertaining to: the facilities affected; the facility-specific rate methodology (cost categories, peer groups and related data and calculations); rate setting for state-owned, newly certified and de-certified facilities; and audits and audit adjustments.