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State/Territory Name: California

State Plan Amendment (SPA) #: 21-0060

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

December 22, 2021

Jacey K. Cooper
Chief Deputy Director, Health Care Programs
California Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

RE: California State Plan Amendment Transmittal Number 21-0060

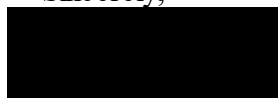
Dear Ms. Cooper:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number 21-0060. Effective August 1, 2021, this amendment revises the 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).

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. This is to inform you that Medicaid State plan amendment 21-0060 is approved effective August 1, 2021. The CMS-179 and the amended plan page(s) are attached.

If you have any additional questions or need further assistance, please contact Mark Wong at (415) 744-3561 or mark.wong@cms.hhs.gov.

Sincerely,



Rory Howe
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 1 — 0 0 60

2. STATE

California

3. PROGRAM IDENTIFICATION:

Title XIX of the Social Security Act (Medicaid)

TO: REGIONAL ADMINISTRATOR

CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

August 1, 2021

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 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT

a. FFY ~~21/22~~ ~~-\$9,842,484~~ \$ ~~39,579 (in thousands)~~

b. FFY ~~22/23~~ ~~\$54,243,226~~ \$ ~~30,184 (in thousands)~~

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-D, Pages ~~15.4b-15.4c.5~~

~~15.4b, 15.4c, 15.4c.1, 15.4c.1a, 14.5c.2, 15.4c.3, 15.4c.4, 15.4c.5~~

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

Attachment 4.19-D, Pages ~~15.4b-15.4c.3~~

~~15.4b, 15.4c, 15.4c.1, 15.4c.1a, 14.5c.2, 15.4c.3, 15.4c.4,
15.4c.5~~

10. SUBJECT OF AMENDMENT

Change to Reimbursement Methodology for Intermediate Care Facilities for the Developmentally Disabled (ICF/DD), ICF/DD-Habilitative (ICF/DD-H), and ICF/DD-Nursing (ICF/DD-N), effective August 1, 2021.

11. GOVERNOR'S REVIEW (*Check One*)

GOVERNOR'S OFFICE REPORTED NO COMMENT

OTHER, AS SPECIFIED

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME

Jacey Cooper

14. TITLE

State Medicaid Director

15. DATE SUBMITTED

September 28, 2021

16. RETURN TO

Department of Health Care Services

Attn: Director's Office

P.O. Box 997413, MS 0000

Sacramento, CA 95899-7413

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

September 28, 2021

18. DATE APPROVED

December 22, 2021

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

August 1, 2021

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME

Rory Howe

22. TITLE

Director, Financial Management Group

23. REMARKS

~~For Box 7, "Federal Budget Impact" is the State Fiscal Year 2021-22 and 2022-23 amounts prorated for the Federal Fiscal Year.~~

~~For Boxes 8-9, this SPA revises and retains Attachment 4.19-D pages 15.4b-15.4c.3, and content is deleted on pages 15.4c.4 and 15.4c.5.~~

For Box 11, "Other, As Specified," Please note: The Governor's Office does not wish to review the State Plan Amendment. **Pen-and-ink changes made to Boxes 7, 8 and 9 by CMS with state concurrence.**

4. Freestanding Pediatric Subacute Care Unit

Freestanding Pediatric Subacute		
Period	Reduction	With Respect to:
08/01/09 – Present	Set at 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)

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	

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

ICF/DD		
Period	Reduction	With Respect to:
08/01/09 – 07/31/21	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 – 07/31/21	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 - <u>07/31/21</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".

* For details of ICF/DD, DD-N, and DD-H rate methodology from 8/1/2009 to 7/31/2021, refer to superseded Section IV.M.

- M.1. Notwithstanding III.A, IV.A 1, and IV.A.2 of this Attachment, (at pages 9 and 10, respectively), for rate year 2021-22, DHCS will not audit ICF/DDs, ICF/DD-H and ICF/DD-N facility cost reports for purposes of setting a facility-specific reimbursement rate in accordance with this Attachment. Facilities may be audited as necessary to ensure program integrity.

Effective August 1, 2021, reimbursement rates 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 established at the 65th percentile calculated for the facility's respective peer group (licensed facility type and bedsize category), including the projected cost of complying with new state or federal mandates. For fiscal years in which the facility receives the supplemental payment described in pages 35 – 35a of this Attachment, the supplemental payment amount will not be paid concurrently as described in paragraph B.3 on page 35, and instead will be accounted for and included in the reimbursement rate described in this paragraph. No adjustment will be made to increase the calculated 65th percentile reimbursement rate by the supplemental payment amount.

Effective for dates of service on or after August 1, 2021, through July 31, 2022, the reimbursement rate for ICF/DDs, ICF/DD-Hs, and ICF/DD-Ns shall be the greater of the: (1) reimbursement rate established pursuant to this paragraph; or (2) the reimbursement rate as approved in pages 90g – 90l of Section 7.4 of this State Plan (COVID-19 Medicaid Disaster Relief), plus any supplemental payment received as described in pages 35 – 35a of this Attachment, in effect for the facility on July 31, 2021.

Notwithstanding III.A, IV.A.1 and IV.A.2, of this Attachment, (at pages 9 and 10 respectively), beginning with the 2021-22 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, 2019, through December 31, 2019 will be used to calculate the rates for the period from August 1, 2021, through July 31, 2022).

The reimbursement rates resulting from the application of this Paragraph M.1 are effective August 1, 2021, and will be published on the DHCS website at the following link: http://www.dhcs.ca.gov/services/medical/Pages/LTCRU.ICF_DD.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.

3. The reimbursement rate methodology for ICF/DDs, ICF/DD-Hs, and ICF/DD-Ns may include more or less than twelve months and/or more than one cost report, as long as the fiscal periods all end within the timeframe specified for rate-setting.
4. DHCS will exclude any cost report or supplemental schedule or portion thereof that it deems inaccurate, incomplete, or unrepresentative. If any cost report or supplemental schedule is excluded, the rate set forth in paragraph M.10 will apply.
5. An ICF/DD, ICF/DD-H, or ICF/DD-N that no longer participates in the Medi-Cal Program will be excluded from the rate-setting process.

TN 21-0060
Supersedes
TN 14-019

Approval Date 12/22/2021 Effective
Date
08/01/2021

6. Overpayments to any ICF/DD, ICF/DD-H, and ICF/DD-N will be recovered in a manner consistent with applicable recovery procedures and requirements of state and federal laws and regulations. Overpayment recovery regulations are described in the California Code of Regulations, Title 22, Section 51047, as in effect on August 1, 2012.
7. Providers have the right to appeal audit or examination findings that result in an adjustment to Medi-Cal reimbursement rates. Specific appeal procedures are contained in Welfare and Institutions Code, Section 14171, as in effect on August 1, 2012, and in Division 3, Subdivision 1, Chapter 3, Article 1.5 (Provider Audit Appeals) of the California Code of Regulations, Title 22, Sections 51016 through 51048, as in effect on August 1, 2012.
8. A new ICF/DD, ICF/DD-H, or ICF/DD-N with no cost history in a newly constructed facility, in a location not previously licensed as an ICF/DD, ICF/DD-H, or ICF/DD-N, or an existing facility newly certified to participate in the Medi-Cal Program will receive a per diem rate equal to the 65th percentile rate for the applicable peer group (licensed facility type and bedsize category).
9. In instances where an existing facility which has participated in the Medi-Cal Program changes ownership or operators, DHCS will reimburse the facility a per diem rate at the 65th percentile of the applicable peer group (licensed facility type and bedsize category).
10. If any ICF/DD, ICF/DD-H, or ICF/DD-N does not complete and submit a cost report for the applicable period that will be used to establish the rates for the upcoming rate year, that provider will receive a rate at the 65th percentile established for the applicable peer group (licensed facility type and bedsize category), reduced by 10 percent. Once a provider submits a cost report for the applicable period that is used in rate setting for the rate year, DHCS will reimburse the facility a per diem rate equal to the 65th percentile rate for the applicable peer group (licensed facility type and bedsize category), and apply that rate retroactively for the rate year.

Reserved for future use

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TN 21-0060
Supersedes
TN 13-019

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