

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-13-15
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations, CMSO

JAN - 6 2010

Mr. Roy Jeffus, Director
Division of Medical Services
Arkansas Department of Human Services
Post Office Box 1437
Little Rock, Arkansas 72203-1437
Attention: LeAnn Edwards, Slot S295

RE: Arkansas 09-017

Dear Mr. Jeffus:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 09-017. This amendment provides for an enhanced care add-on to the per diem reimbursement rate paid to 16 Bed & Over Private Facilities ICF/MR providers.

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. As part of the review process the State was asked to provide information regarding funding of the State share of expenditures under Attachment 4.19-D. Based upon your assurances we are pleased to inform you that Medicaid State plan amendment 09-017 is approved effective November 1, 2009. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Sandra Dasheiff, CPA at (214) 767-6490.

Sincerely,

A solid black rectangular box used to redact the signature of the sender.

Cindy Mann
Director
Center for Medicaid and State Operations (CMSO)

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 2009-017	2. STATE ARKANSAS
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 November 1, 2009	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Part 447, Subpart C		7. FEDERAL BUDGET IMPACT: a. FFY 2010 \$ 576,512 b. FFY 2011 \$ 576,621	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D, appendix I Pages 2-6 & 2-6a		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-D, Appendix I Pages 2-6	
10. SUBJECT OF AMENDMENT: Provides for an enhanced care add-on to the per diem reimbursement rate paid 16 Bed & Over Private Facilities ICF/MR providers.			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: //Mike R. Jeffus - signature//		16. RETURN TO: Division of Medical Services PO Box 1437, Slot S295 Little Rock, AR 72203-1437 Attention: LeAnn Edwards	
13. TYPED NAME: Mike R. Jeffus			
14. TITLE: Director, Division of Medical Services			
15. DATE SUBMITTED: October 30, 2009			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: 1-6-2010	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: NOV - 1 2009		20. [REDACTED]	
21. TYPED NAME: William Lasowski		22. TITLE: Deputy Director, CMSO	
23. REMARKS:			

c. Rate Setting

Rates will be established in the following manner: An average per diem cost for Administrative and Operating will be calculated for the facility class. This will be accomplished by determining per diem cost for Administration & Operating for each facility by dividing the actual allowable cost for each facility by their total resident days, adding the individual facility per diem costs and dividing by the number of facilities within the facility class. A ceiling for Administrative and Operating will be set at 105% of the average. A facility will be paid at the lesser of the ceiling or their actual per diem cost plus 10% of the amount calculated as 105% of the average. A per diem cost will be calculated for each facility for Direct Care and Care Related costs. The per diem cost will be calculated by dividing the actual allowable cost for each facility by their total resident days. A facility's per diem cost for Direct Care and Care Related cost and Administrative & Operating cost will be combined to get a facility's total per diem. Once the total per diem by facility has been established, these rates will be adjusted for inflation from the base year to the rate year. In years that the rates are not rebased, existing rates will be adjusted for projected inflation. The Department will use the HCFA Input Price Index (market basket) – Nursing Facilities published quarterly for determining appropriate inflation rates. Facility rates will be rebased periodically at the Department's discretion.

A	
STATE <u>Arkansas</u>	
DATE REC'D <u>10-30-09</u>	
DATE APPL'D <u>JAN -6 2010</u>	
DATE EFF <u>11-1-09</u>	
HCFA 179 <u>09-17</u>	

d. Provider Fee

Act 433 of 2009 established the levy of a provider fee on Intermediate Care Facilities for Individuals with Developmental Disabilities. The reimbursement rate paid 16 Bed & Over – Private facilities will include a Provider Fee component. The Provider Fee component will be reimbursed at the amount established as the multiplier for the date of service billed.

e. Enhanced Care Add-On

The Department recognizes that the current rate structure limits the providers' ability to invest additional monies for the purpose of improving the quality of care. Additionally the recent increase in the minimum wage (an unfunded federal mandate) will make it difficult for providers to maintain current standards much less improve the quality of care. Therefore the Department will implement an enhanced care add-on in the amount of \$10.54 per day. This enhanced payment will provide additional funds for

wage adjustments in the base salaries for new hires and incumbent salaries to address the increase of the federal minimum wage in July 2009. This will also directly increase benefits related to these salary increases such as FICA, LTD, Life insurance, retirement, etc. This add-on will also provide funding for additional initiatives to improve the quality of care. The following list of items identifies these additional initiatives.

1. Enhanced staff resources for staff development, nursing, psychological and other professional personnel
2. Enhanced maintenance cost due to the aging of the facilities
3. Enhanced direct care staff and increase in number of staff to meet increased needs of children with autism and other behavior needs in order to maintain a quality standard of care and insure the health and safety of all children being served
4. Enhanced Technology (Computers, teleconferencing, electronic files, electronic time keeping, etc.
5. Software for client programming, client data bases, billing etc.
6. Security cameras/lighting
7. Other items deemed appropriate in providing enhance care

The Enhanced Care Add-on is paid in addition to the rate components identified in paragraph a. and b. above.

f. Rate Justification

Modeling of this methodology produced estimates that each facility identified as efficient and economic (providers operating at or below the median of arrayed non-direct care costs) would receive payment equaling 100% (plus or minus 5%) of that facility's actual allowable cost. Cost coverage in the aggregate is equal to or less than 100% for ICF/MR facilities.

STATE <u>Arkansas</u>	A
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SUPERSEDES: NONE - NEW PAGE