

## **Table of Contents**

**State/Territory Name: California**

**State Plan Amendment (SPA) #: 16-012**

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 AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, MD 21244-1850



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**Financial Management Group**

**JUL 05 2016**

Mari Cantwell  
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 16-012

Dear Ms. Cantwell:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 16-012. This amendment, effective August 1, 2016, increases reimbursement for Intermediate Care Facilities for the Developmentally Disabled (ICF/DD); ICF/DD-Habilitative; and ICF/DD-Nursing. These facilities will be reimbursed at the frozen rate effective during the 2008-2009 rate year increased by 3.7 percent.

We conducted our review of your submittal according to the statutory requirements at sections 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 TN 16-012 is approved effective August 1, 2016. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

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

Kristin Fan  
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 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT:  
a. FFY 2015/2016 \$ ~~2,093,415~~ 1,590,513  
b. FFY 2016/2017 \$ ~~12,560,488~~ 9,543,078

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 Attachment 4.19-D, Page 15.4c.1

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.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Mari Cantwell

14. TITLE:

Chief Deputy Director  
Health Care Programs & State Medicaid Director

15. DATE SUBMITTED:

APR 29 2016

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

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:

JUL 05 2016

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

AUG 01 2016

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Kristen FAN

22. TITLE:

Director, FMC

23. REMARKS:

Pen and ink changes made by RO with state permission to Boxes 7 and 9.

- 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.

Notwithstanding III.A, IV.A.1, IV.A.2, IV.M.12.a. and IV.M.12.b. of this Attachment, (at pages 9, 10, and 15.4c.3, respectively), beginning with the 2016-17 rate year, 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.

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 as of August 1, 2016, at the following link: [http://www.dhcs.ca.gov/services/medi-cal/Pages/LTCRU.ICF\\_DD.aspx](http://www.dhcs.ca.gov/services/medi-cal/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.