

accordance with Section II.C. by total resident days determined in accordance with Section XIII.B. for all nursing care residents.

- B. The ceiling established in accordance with Section III.B. and C. for routine and support costs for each peer group shall be multiplied by a percentage that shall be published in rules governing Medicaid reimbursement to nursing facilities (Chapter 65 of Title 29 DCMR).
- C. Each nursing facility's routine and support cost per diem shall be the lower of the facility-specific per diem calculated in Section VII. A. or the adjusted ceiling relative to each nursing facility calculated in accordance with Section VII.B.
- D. Each nursing facility shall be entitled to an incentive add-on of 25 percent (25%) of the difference between the facility-specific per diem rate established in Section VII.A. and the adjusted ceiling calculated in accordance with Section VII.B., if the facility-specific per diem rate calculated in accordance with Section VII.A. is lower than the adjusted ceiling established in Section VII.B.

VIII. CAPITAL-RELATED COSTS PER DIEM CALCULATION

Each nursing facility's capital-related cost per diem shall be calculated by dividing total allowable capital-related base year costs adjusted in accordance with Section II.C. by total resident days determined in accordance with Section XIII.B. for all nursing care residents.

IX. FINAL PER DIEM RATE CALCULATION

- A. Each nursing facility's per diem rate effective January 1, 2006 shall be the sum of (i), (ii), and (iii) as set forth below:
 - (i) The nursing and resident care base year cost per diem
 - (a) Effective January 1, 2006 through September 30, 2007, the nursing and resident care base year cost per diem established pursuant to Section VI, adjusted for inflation to March 30, 2003 using the CMS Prospective Payment System Skilled Nursing Facility Input Price Index ("CMS Index").
 - (b) Effective October 1, 2007 through September 30, 2008, the nursing and resident care base year cost per diem calculated according to IX.A.(i)(a) indexed for inflation using the CMS Prospective Payment System Skilled Nursing Facility Input Price Index ("CMS Index") for District Fiscal years 2006, 2007, and 2008.
 - (c) Effective October 1, 2008 through September 30, 2009, the nursing and resident care base year cost per diem calculated according to IX.A.(i)(a) indexed for inflation using the CMS Prospective Payment System Skilled Nursing Facility Input Price Index ("CMS Index").

- (d) Effective October 1, 2009 through December 31, 2010, the nursing and resident care base year cost per diem calculated according to IX.A. (i)(a) and (b).
 - (e) Effective January 1, 2011, the annual inflation adjustment is eliminated.
- (ii) The routine and support base year cost per diem
- (a) Effective January 1, 2006 through September 30, 2007, the routine and support base year cost per diem established pursuant to Section VII, adjusted for inflation to March 30, 2003 using the CMS Prospective Payment System Skilled Nursing Facility Input Price Index ("CMS Index").
 - (b) Effective October 1, 2007 through September 30, 2008, the routine and support base year cost per diem calculated according to IX.A. (ii)(a) indexed for inflation using the CMS Prospective Payment System Skilled Nursing Facility Input Price Index ("CMS Index") for District Fiscal Years 2006, 2007, and 2008.
 - (c) Effective October 1, 2008 through September 30, 2009, the routine and support base year cost per diem calculated according to IX.A. (ii)(a) indexed for inflation using the CMS Prospective Payment System Skilled Nursing Facility Input Price Index ("CMS Index").
 - (d) Effective October 1, 2009 through December 31, 2010, the routine and support base year cost per diem calculated according to IX.A. (ii)(a) and (b).
 - (e) Effective January 1, 2011, the annual inflation adjustment is eliminated.
- (iii) The capital-related base year cost per diem
- (a) Effective January 1, 2006 through September 30, 2007, the capital-related base year cost per diem established pursuant to Section VIII, adjusted for inflation to March 30, 2003 using the CMS Prospective Payment System Skilled Nursing Facility Input Price Index ("CMS Index"). The inflation adjustment in this subsection shall not be applied to depreciation, amortization and interest on capital-related expenditures.
 - (b) Effective October 1, 2007 through September 30, 2008, the capital-related base year cost per diem calculated according to IX.A.(ii)(a) indexed for inflation using the CMS Prospective Payment System Skilled Nursing Facility Input Price Index ("CMS Index") for District Fiscal Years 2006, 2007, and 2008. The inflation adjustment in this subsection shall not be applied to depreciation, amortization and interest on capital-related expenditures.

- (c) Effective October 1, 2008 through September 30, 2009, the capital-related base year cost per diem calculated according to IX.A. (ii)(a) indexed for inflation using the CMS Prospective Payment System Skilled Nursing Facility Input Price Index ("CMS Index"). The inflation adjustment in this subsection shall not be applied to depreciation, amortization and interest on capital-related expenditures.
 - (d) Effective October 1, 2009 through December 31, 2010, the capital-related base year cost per diem calculated according to IX.A. (iii)(a) and (b).
 - (e) Effective January 1, 2011, the annual inflation adjustment is eliminated.
- B. Effective April 1, 2006 and every six months thereafter, the nursing and resident care costs per diem shall be re-calculated in accordance with section VI. The per diem rates established for routine and support costs and capital-related costs established pursuant to Section IX.A. shall be carried forward until costs are rebased.
- C. When necessary, each facility's per diem rate will be reduced by the same

OS Notification

State/Title/Plan Number: District of Columbia 11-001
Type of Action: SPA Approval
Required Date for State Notification: May 23rd, 2011
Fiscal Impact in Millions:

FY 2011	(\$4,850,942)
FY 2012	(\$4,850,942)

Number of Potential Newly Eligible People: 0
Eligibility Simplification: No
Provider Payment Increase: No
Delivery System Innovation: No
Number of People Losing Medicaid Eligibility: 0
Reduces Benefits: No

Detail: DC proposes to eliminate an annual inflation adjustment applied to nursing facility specific base rates using the CMS Index. DC's current plan allows, during final per diem calculation, an inflation adjustment for three rate components: 1) nursing and resident care cost per diem, 2) routine and support cost per diem, and 3) capital-related cost per diem.

DC responded to access questions. During DC's decision to eliminate the inflation adjustment advocates provided a study, which DC used as a reference for the elimination, showing that DC was the second highest payer Nationally for NF services. The elimination was presented and debated publicly at City Council budget hearing. DC will continue to monitor provider enrollment.

The elimination of the inflation adjustment will generate annual FFP savings of \$4.85 million.

Public process requirements were met through publication of an emergency rulemaking. DC provided satisfactory answers to the standard funding questions. DC does not currently have supplemental payments to inpatient hospitals.

NFS is from general appropriations. The SPA is effective January 1 2011.

Other Considerations:

The District of Columbia does not have any federally recognized Indian tribes or Urban Indian Organizations, therefore the Tribal Consultation requirements do not apply.

This plan amendment has not generated significant outside interest and we do not recommend the Secretary contact the governor.

This OSN has been reviewed in the context of the ARRA and the approval of the SPA is not in violation of ARRA provisions.

CMS

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National Institutional Reimbursement Team