

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services

Ms. Linda Elam
Deputy Director/Medicaid Director
Department of Health Care Finance
899 N. Capitol St., NE
Washington, DC 20002

JAN 18 2013

RE: State Plan Amendment 12-04

Dear Mrs. Elam:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 12-04. This amendment modifies the methods and standards for making Medical Assistance payments to nursing facilities. Specifically, this SPA changes the District's method of accounting for therapy costs in facility per diems.

We reviewed this amendment pursuant to sections 1902(a)(3), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving Medicaid State plan amendment 12-04 effective May 1, 2012. We are enclosing the Form-179 and the amended plan pages.

If you have any questions, please call Gary Knight at (304) 347-5723.

Sincerely,

/s/

Cindy Mann

Director

Centers for Medicaid and CHIP Services

cc: Claudia Schlosberg, Director, HCPRA
Diane Fields, Associate Director, Division of Regulation and Policy Management

bcc: Fran McCullough, ARA RO3
Dan Robison, FMB RO3
Harry Mirach, POB RO3
Andrew Badaracco, CO NIRT
Kathleen Walch, CO NIRT
Official NIRT file

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 12-04	2. STATE District of Columbia
--	--	----------------------------------

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	3. PROGRAM IDENTIFICATION: Title XIX of the Social Security Act
--	--

TO: Regional Administrator Centers for Medicare & Medicaid Services Department of Health and Human Services	4. PROPOSED EFFECTIVE DATE May 1, 2012
---	---

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 42 CFR 447 Subpart C	7. FEDERAL BUDGET IMPACT FFY 12 (\$ 2,000,463) (May 1-Sept 30) FFY 13 (\$ 4,801,112) FFY 14 (\$ 4,801,112)
--	---

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19D pp 2, 6, 24	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19D pp 2, 6, 24
--	---

10. SUBJECT OF AMENDMENT:
Nursing Facilities Therapy Costs

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED: PR 19-796

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL <i>[Signature]</i>	16. RETURN TO Linda Elam Deputy Director/Medicaid Director Department of Health Care Finance 899 N. Capitol St., NE Washington, DC 20002
13. TYPED NAME Linda Elam, Ph.D., M.P.H.	
14. TITLE Deputy Director/Medicaid Director	
15. DATE SUBMITTED June 20, 2012	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED	18. DATE APPROVED JAN 18 2013
-------------------	---

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL MAY 01 2012	20. SIGNATURE OF REGIONAL OFFICIAL <i>[Signature]</i>
---	--

21. TYPED NAME [Redacted]	22. TITLE Deputy Director, CMCS
-------------------------------------	---

23. REMARKS
[Redacted]

support expenditures; nursing and resident care expenditures; and capital related expenditures.

E. Routine and support expenditures shall include expenditures for:

- (i) Dietary items, except raw food;
- (ii) Laundry and linen;
- (iii) Housekeeping;
- (iv) Plant operations and related clerical support;
- (v) Volunteer services;
- (vi) Administrative and general salaries;
- (vii) Professional services – non-healthcare related;
- (viii) Non-capital related insurance;
- (ix) Travel and entertainment;
- (x) General and administrative costs;
- (xi) Non-capital related interest expense; and
- (xii) Other miscellaneous expenses as noted on the cost report submitted pursuant to Section XIX.

F. Nursing and resident care costs shall include the costs of:

- (i) Raw food;
- (ii) Nursing and physician services and their related clerical support services;
- (iii) Non-prescription drugs and pharmacy consultant services;
- (iv) Medical supplies;
- (v) Laboratory services;
- (vi) Radiology services;
- (vii) Physical, speech, and occupational therapy services that are provided to Medicaid beneficiaries;

bedhold leave on the picture date and are expected to return to the facility shall be included in the CMI calculations.

- F. The Department of Health Care Finance (DHCF) shall issue to each nursing facility a draft report no later than ninety (90) days following each picture date with the following information:
- (i) The RUGS III classification and CMI score for each resident on the picture date;
 - (ii) Identifying information (resident's name, social security number, Medicaid identification number and date of birth) for each resident; and
 - (iii) The payer status for each resident (Medicaid or Non-Medicaid).
- G. Each nursing facility shall have thirty (30) days after receipt of the report issued pursuant to Section V.F. to submit corrections of identifying information or payer status for each resident listed in the report. The nursing facility shall also submit documentation in support of each correction.
- H. No nursing facility shall make any corrections to the RUGS III classification or CMI score.
- I. Corrections submitted and determined by DHCF to be appropriate shall be included in the final report of the CMI scores used in establishing the nursing facility's reimbursement rate.
- J. DHCF shall not make any corrections to the report for information received from the nursing facility after the thirty (3) day period set forth in Section V.G.

VI. NURSING AND RESIDENT CARE COSTS PER DIEM CALCULATION

- A. Each nursing facility's allowable nursing and resident care costs shall be adjusted in accordance with subsection VI.D.
- B. The total resident days shall be determined in accordance with Section XIII.B.
- C. The amount calculated in Section VI.A shall be divided by the Total Facility Case Mix Index to establish case mix neutral costs. This process is known as case mix neutralization.
- D. For nursing and resident care costs other than those defined at II.F.vii, the case mix neutral costs established in Section VI.C. shall be divided by the resident days calculated in accordance with Section VI.B to determine each nursing facility's nursing and resident care cost per diem without physical, speech and occupational therapy services. The resulting per diem shall be added to the per diem for nursing and resident care costs defined at II.F.vii. Per diems for PT, Speech, and OT therapy services shall be calculated by dividing such costs by total Medicaid resident days. The resulting sum of the per diems shall comprise each nursing facility's nursing and resident care cost per diem unadjusted for case mix.
- E. The ceiling established in accordance with Section III.D. through F. for nursing and resident care costs for each peer group shall be multiplied by a percentage

Case Mix Neutralization- the process of removing cost variations between nursing facilities nursing and resident care costs resulting from different levels of case mix.

Ceiling- a pre-determined rate that sets the upper limit of reimbursement.

Change of Ownership- shall have the same meaning as "acquiring of effective control" as set forth in D.C. Official Code § 44-401(1).

Day Weighted Median- the point in an array from high to low of the per diem costs for all facilities at which half of the days have equal or higher per diem costs and half have equal or lower per diem costs.

Department of Health Care Finance (DHCF) – the single state agency responsible for the administration and oversight of the District's Medicaid Program.

District-wide Average Case Mix Index- the arithmetic mean of the individual residents case mix indices for all residents, regardless of payer, admitted and present in all nursing facilities located in the District of Columbia on the picture date. The arithmetic mean shall be carried to four decimal places.

District-wide Medicaid Average Case Mix Index - the arithmetic mean of the individual resident's case mix indices for all residents admitted and present in all nursing facilities on the picture date for which the Department of Health Care Finance (DHCF) is the payer source. The arithmetic mean shall be carried to four decimal places.

F102- (fraction of inspired oxygen)-the ratio of the concentration of oxygen to the total pressure of other gases in inspired air.

Facility Medicaid Case Mix Index- the arithmetic mean of the individual resident case mix index for all residents, for whom DHCF is the payer source, admitted and present in the nursing facility on the picture date. The arithmetic mean shall be carried to four decimal places.

Fair Market Value- the value at which an asset could be sold in the open market in a transaction between unrelated parties.

Leasehold Improvements- the improvements made by the owners of a facility to leased land, buildings or equipment.

Mechanical Ventilation -a method for using machines to help an individual to breathe when that individual is unable to breathe sufficiently on his or her own to sustain life.