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State/Territory Name: Georgia

State Plan Amendment (SPA) #: 17-0007

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages



Financial Management Group

August 31, 2017

Ms. Lynette Rhodes
Acting Director of Medicaid Assistance Plans
Medicaid Division
Georgia Department of Community Health
Medicaid Division
2 Peachtree Street, NW, 36th floor
Atlanta, GA 30303-3159

RE: Georgia State Plan Amendment 17-007

Dear Ms. Rhodes:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number 17-007. Effective April 1, 2017, this amendment proposes to provide a 12% inflationary increase for one quarter for specified nursing facilities that inadvertently did not receive the 3% inflationary increase provided to other nursing facilities effective July 1, 2016.

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 Part 447. We have found that the proposed reimbursement methodology complies with applicable requirements and therefore have approved them with an effective date of April 1, 2017. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Anna Dubois at (850) 878-0916.

Sincerely,

//s//

Kristin Fan
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: 17-0007	2. STATE Georgia
		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 April 1, 2017	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN x <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 C.F.R. § 438.6(c), 438.50, 438.52, 438.56, 431.51, 435.145, 435.118		7. FEDERAL BUDGET IMPACT: FFY 2017 \$3,029,522	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Supplement 2 to Attachment 4.19-D, pages 7-9 Supplement 2 to Attachment 4.19-D, page 15a and 16a		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Supplement 2 to Attachment 4.19-D, pages 7-9 Supplement 2 to Attachment 4.19-D, page 15a and 16a	
10. SUBJECT OF AMENDMENT: This State Plan Amendment will result in a 12% inflationary rate increase for one quarter for Specified Georgia's nursing facilities that Inadvertently did not receive a 3% inflationary increase effective July 1, 2016.			
11. GOVERNOR'S REVIEW (<i>Check One</i>):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		x <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Single State Agency Comments Attached	
12. SIGNATURE OF STATE AGENCY OFFICIAL: //s//		16. RETURN TO: Department of Community Health Division of Medicaid 2 Peachtree Street, NW, 36 th Floor Atlanta, Georgia 30303-3159	
13. TYPED NAME: Linda Wiant			
14. TITLE: Chief, Division of Medicaid			
15. DATE SUBMITTED: June 29, 2017			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 06/30/17		18. DATE APPROVED: 08/31/17	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 04/01/17		20. SIGNATURE OF REGIONAL OFFICIAL: //s//	
21. TYPED NAME: Kristin Fan		22. TITLE: Director, FMG	
23. REMARKS:			

8. Advertising costs that are (a) for fundraising purposes, (b) incurred in the sale or lease of a facility or agency or in connection with issuance of the provider's own stock, or the sale of stock held by the provider in another corporation, (c) for the purpose of increasing patient utilization of the provider's facilities; (d) for public image improvement, or (e) related to government relations or lobbying.
9. Funds expended for personal purchases.

Total Allowed Per Diem Billing Rate for Facilities for Which a Cost Report is Used To Set a Billing Rate

For dates of service beginning July 1, 2016, the June 30, 2012 Medicaid Cost Report is the basis for reimbursement for all nursing facilities except those nursing facilities reimbursed in accordance with the rules applicable to nursing facilities purchased from an unrelated party between January 1, 2012 and June 30, 2014. For those facilities, the June 30, 2013, June 30, 2014 or December 31, 2014 cost report is the basis for reimbursement.

For these facilities the following formulas apply:

Total Allowed Per Diem Billing Rate=

Allowed Per Diem + Efficiency Per Diem + Growth Allowance + Other Rate Adjustments.

Summation of the (Net Per Diem or Standard Per Diem, whichever amount is less as to the facility; for Nursing Facilities, the resulting per diem amount for Routine and Special Services is multiplied by a facility's quarterly case mix score as determined by the Division for Medicaid patients during the most recent calendar quarter for which information is available) for each of the four Non-Property Cost Centers plus the Net Per Diem for the Property and Related Cost Center. The Property and Related Cost Center reimbursement for those facilities whose cost reimbursement is limited to the standard (90th percentile) per diem in this cost center will be based upon the standard per diem calculated from the cost reports for the year ending June 30, 1981.

Efficiency Per Diem =

Summation of (Standard Per Diem minus Net Per Diem) x 75% up to the Maximum Efficiency Per Diem for each of the five cost centers.

Growth Allowance =

Summation of 3% of the Allowed Per Diem for each of the four Non- Property and Related cost centers (Routine and Special Services; Dietary; Laundry and Housekeeping and Operations and Maintenance of Plant; and Administrative and General) for nursing facilities reimbursed based on the June 30, 2012 cost report. Effective April 1, 2017 through June 30, 2017, the growth allowance is 12% for nursing facilities reimbursed in accordance with the rules applicable to nursing facilities purchased from an unrelated party between January 1, 2012 and June 30, 2014.

Further explanation of these terms is included below:

- a. In general, the Net Per Diem is determined from the costs of operation of the individual facility in which eligible patients reside. These reports are determined by utilizing the information submitted by the facility on its Cost Report.

All amounts and supporting data submitted on the Cost Report are subject to verification and adjustment by the Division. These modifications concern: mathematical calculation errors; limitations placed on allowable costs, and the documents, principles, and criteria referenced therein; reasonableness limitations placed on salaries paid employees of the facility; reasonableness limitations using the principles contained in CMS-15-1; or other parameters placed on reasonable cost by the Division. These modifications basically concern what expenses are attributable to the care received and the reasonableness of the amounts of expenses that are attributable to care. See Supplement 4 to Attachment 4.19-D for appellate procedures to resolve disputes of specific contested adjustments. Specifically, the Net Per Diem for each of the five cost centers is determined as follows (all Schedule references are to the Cost Report):

See page 20 of this Supplement in the section titled "*Property and Related Reimbursement*" for additional descriptions of such limitations.

Allowable Home Office salary costs are limited to an appropriate maximum.

Total Allowed Per Diem For Facilities Purchased From An Unrelated Party Between January 1, 2012 And June 30, 2014.

Facilities purchased from a party not related to the new owner between January 1, 2012 and June 30, 2014 will have their per diem rates effective July 1, 2015 determined based on the cost of the new owner. Related parties shall be defined to include the following:

- (1) Immediate family members including the previous owner's spouse, child, sibling, parent, grandparent, or grandchild. Related parties shall also include stepparents, stepchildren, stepsiblings, and adoptive relationships; and
- (2) A business corporation, general partnership, limited partnership, limited liability company, joint venture, nonprofit corporation, or any other or profit or not for profit entity that owns or controls, is owned or controlled by, or operates under common ownership or control of the previous owner.

The new owner's rate effective July 1, 2015 will be determined as follows:

- a. The first cost report ending June 30th that contains at least six months of cost under the new owner will be used to establish the provider's rate effective July 1, 2015.
- b. If there is not a cost report ending June 30th that contains at least six months of cost under the new owner available when establishing the July 1, 2015 rate, cost report information covering from the date of change in ownership through December 31, 2014 will be used.
- c. Rates determined based on cost report information subsequent to June 30, 2014 will be reconciled and retroactively adjusted upon review of the information.
- d. The cost ceilings used when establishing the rate effective July 1, 2015 will be determined using the same June 30th year end used for determining cost. The June 30, 2014 cost reports will establish ceilings for cost data submitted for the period ending December 31, 2014.
- e. Providers will continue to receive rates based on the new owner's cost report until a later cost report is approved for rebasing.

f. Effective April 1, 2017 through June 30, 2017, the growth allowance is 12% for nursing facilities reimbursed in accordance with the rules applicable to nursing facilities purchased from an unrelated party between January 1, 2012 and June 30, 2014.

Total Allowed Per Diem Billing Rate For Facilities For Which A Cost Report or Case Mix Score Cannot Be Used To Set A Billing Rate.

If the Division determines that a cost report cannot be used to set a billing rate the per diem rate will be established, as follows:

- a. When changes in ownership occur, new owners will receive the prior owner's per diem until a cost report basis can be used to establish a new per diem rate. (See Supplement 3 to Attachment 4.19-D).
- b. Newly enrolled facilities will be reimbursed the lower of: projected costs; or 90% of the appropriate cost center ceilings, plus a growth allowance and the appropriate Property and Related Net Per Diem until a cost report is submitted which can be used to establish a rate.
- c. In all other instances (except as noted below for newly constructed facilities) where the Division determines that a cost report cannot be used to set a reimbursement rate, the Total Allowed Per Diem Billing Rate will be resolved as described in the provisions discussed below for unauditable cost reports.

The Total Allowed Per Diem Billing Rate for facilities with more than 50 beds determined by the Division to be newly constructed facilities is equal to 95% of the four Non-Property and Related Standard Per Diem amounts plus the appropriate growth allowance and Property and Related Net Per Diem.

The Property and Related Net Per Diem referred to in subsections (a) through (c) above is equal to either the Fair Rental Value Rate as determined on page 20 of this Supplement in the section titled "*Property and Related Reimbursement*."

In all other instances where the Division determines that a cost report cannot be used to set a reimbursement rate, the Total Allowed Per Diem Billing Rate will be resolved as described in the provisions discussed below for unauditable cost reports. If the Division determines that a cost report which was to be used to set a reimbursement rate is unauditable (i.e., the Division's auditors cannot render an opinion using commonly accepted auditing practices.