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State/Territory Name: Georgia

State Plan Amendment (SPA) #:18-0006

This file contains the following documents in the order listed:

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



Financial Management Group

December 10, 2018

Blake T. Fulenwider
Chief, Medicaid Division
Georgia Department of Community Health
2 Peachtree Street, NW, 36th floor
Atlanta, GA 30303-3159

RE: Georgia State Plan Amendment 18-006

Dear Mr. Fulenwider:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number 18-006. Effective July 1, 2018, this amendment proposes to increase amounts reimbursed for general and professional liability insurance in accordance with the state legislature. Specifically this amendment proposes to (1) remove applicable FY 2012, 2013 or 2014 general and professional liability insurance costs from the Administrative & General (A&G) cost center in the rate sheet for each nursing facility (NF) and recalculate a new A&G per diem amount; and (2) create a supplemental cost center within the rate sheet for the liability insurance. This insurance will include each NF's fiscal year end 6/30/2018 general and professional liability insurance costs that will not be subject to a ceiling. The amount of liability insurance is allocated to all payors by total NF days, but will not be held to the same ceiling as the remaining cost centers within the rate sheet.

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 July 1, 2018. 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: 18-006	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 July 1, 2018	
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:	
		a. FFY 2018 \$2,662,469	
		b. FFY 2019 \$10,513 ,060	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Supplement 2 to Attachment 4.19-D, Pages 1 through 34. (pages 7.8,11, 12,13,15,18, 19,20 edited)		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Supplement 2 to Attachment 4.19-D, Pages 1 through 34. (pages 7.8,11, 12,13,15,18, 19,20)	
10. SUBJECT OF AMENDMENT: This State Plan Amendment will result in an aggregate rate increase for Georgia's nursing facilities to recognize increased costs for general and professional liability insurance coverage.			
11. GOVERNOR'S REVIEW (<i>Check One</i>):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT		x <input checked="" type="checkbox"/> OTHER, AS SPECIFIED:	
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED		Single State Agency Comments Attached	
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
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, Ga 30303-3159	
13. TYPED NAME: Blake Fulenwider			
14. TITLE: Chief, Division of Medicaid			
15. DATE SUBMITTED: 06/30/17			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 07/17/17		18. DATE APPROVED: 12/10/18	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:07/01/18		20. SIGNATURE OF REGIONAL OFFICIAL: //s//	
21. TYPED NAME: Kristin Fan		22. TITLE: Director, FMG	
23. REMARKS: Approved with the following changes to block # 8 and 9as authorized by state.			
Block # 8 Changed to read: Supplement 2 to Attachment 4.19-D, Pages 1 through 34 (pages 7, 8, 11, 12, 15, 18, 19 and 20 edited)			
Block # 9 Changed to read: Supplement 2 to Attachment 4.19-D, Pages 1 through 34 (pages 7, 8, 11, 12, 15, 18, 19 and 20)			

REIMBURSEMENT FOR NURSING FACILITY SERVICES

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, 2018, 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. Effective July 1, 2018, the basis for reimbursement for the Supplemental Administrative and General- General and Professional Liability Insurance cost center will be the June 30, 2018 GL-PL Insurance Supplemental Report.

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 (including the Supplemental Administrative and General-General and Professional Liability Insurance cost center) plus the Net Per Diem for the Property and Related Cost Center. The Property and Related Cost Center reimbursement is the facility's computed Fair Rental Value per diem.

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 10.3% of the Allowed Per Diem for each of the four Non-Property and Related cost centers (Routine and Special Services; Dietary; Landry and Housekeeping and Operations and Maintenance of Plant; and Administrative and General).

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.

Laundry and Housekeeping and Operation and Maintenance of Plant Net Per Diem =

Historical Laundry, Housekeeping, Operation and Maintenance of Plant, Schedule B, Lines 9 plus 10, Column 4, Divided By Total Patient Days.

Administrative and General Net Per Diem =

Historical Administrative and General, Schedule B, Line 11, Column 4, Divided By Total Patient Days.

Supplemental Administrative and General-General and Professional Liability Insurance Net Per Diem

Historical Administrative and General – General and Professional Liability Insurance, Freestanding GL- PL Insurance Supplemental Report, Section C4, Divided by Total Patient Days, Section C5 Hospital-Based GL-PL Insurance Supplemental Report, Section C10, Divided by Total Patient Days, Section C9.

Property and Related Net Per Diem =

Property and Related net per diem calculated under the Fair Rental Value System.

The Return on Equity Percent is 0% for all facilities.

- b. Standard Per Diem for each of the five cost centers (Routine and Special Services; Dietary; Laundry and Housekeeping and Operation and Maintenance of Plant; and Administrative and General. is determined after facilities with like characteristics concerning a particular cost center are separated into distinct groups. Once a group has been defined for a particular cost center, facilities in a group shall be ordered by position number from one to the number of facilities in the group, arranged by Net Per Diem from the lowest (Number "1") to the highest dollar value Net Per Diem. The number of facilities in the applicable group shall be multiplied by the Maximum Percentile, or a median net per diem may be chosen, with the Maximum Cost per day being determined as a percentage of the median.

The Maximum Cost per day for the Administrative and General costs of all nursing facilities eligible for an efficiency incentive payment is 105% of the median cost per day within each peer group. The Maximum Percentile is the eighty-fifth for Laundry and Housekeeping and Operation and Maintenance of Plant cost centers. The Maximum Percentile is the ninetieth percentile for the Routine Services and Special Services, and the Property and Related cost centers. For the Dietary cost center, the Maximum Percentile is the sixtieth percentile for the Hospital-Based Nursing Facility group and the ninetieth percentile for the Free Standing Nursing Facility group and the Intermediate Care Facility for the Mentally Retarded group. If the Maximum Percentile does not correspond to a specific value in the array of net per diem amounts, the maximum percentile is determined by interpolation (i.e., finding the mid-point between whole integers).

The grouping will be done using Net Per Diem for each cost center that has been reported by the facility, and calculated by the Division in each facility's rate sheet. Effective July 1, 2018, the Administrative and General cost center standard per diem will be recalculated in the rate sheet by removing general and professional liability insurance cost and determining a new Net Per Diem amount. General and professional liability insurance costs will be recorded in the rate sheet in the Supplemental Administrative and General- General and Professional Liability Insurance cost center which will not have a standard per diem calculated. Subsequent to the recalculation of the Administrative and General cost center standard, there will not be any recalculation of standards based upon changes in rates due to subsequent determination of additional allowable cost, disallowance of previously allowable cost or any change in the Net Per Diem in any cost center. The following examples show groupings by Net Per Diem:

Routine and Special Services Maximum Percentile at 90%

Nursing Home Net Per Diem for 10 nursing homes from lowest to highest:

\$90, \$95, \$95, \$100, \$115, \$120, \$120, \$130, \$135, \$140

Administrative and General Standard Per Diem

For this Standard Per Diem, all nursing facilities shall be grouped as follows:

Nursing Facility

Intermediate Care Facility for the Mentally Retarded

Supplemental Administrative and General-General and Professional Liability Insurance Standard Per Diem

Costs for general and professional liability insurance expense, as defined in the Uniform Chart of Accounts, are calculated separately and are not subject to the Administrative and General cost center Standard Per Diem.

Property and Related Standard Per Diem

Costs for property taxes and property insurance as defined in the Uniform Chart of Accounts, are calculated separately and are not subject to property-related cost center Standard Per Diem.

- c. The Efficiency Per Diem represents the summation of the Efficiency Per Diem for each of the five cost centers. If the Net Per Diem is equal to or exceeds the Standard Per Diem in any cost center, or if the Net Per Diem is equal to or less than 15% of the Standard Per Diem, the Efficiency Per Diem for the cost center is zero (\$0.00). If the Net Per Diem is less than the Standard Per Diem in any cost center, and if the Net Per Diem is more than 15% of the Standard Per Diem, the Efficiency Per Diem for the cost center is calculated by subtracting the Net Per Diem from the Standard Per Diem for that cost center and then multiplying the difference by .75. The product represents the Efficiency Per Diem for that cost center subject to the following maximums which have been established through legislative authority:

Routine and Special Services	
Maximum Efficiency Payment	\$0.53
Dietary Maximum Efficiency Payment	\$0.22

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. The Administrative and General cost center per diem shall not increase as a result of the rate adjustment.

f. The Property and Related per diem as determined through the Fair Rental Value Reimbursement methodology shall not change as a result of the rate adjustment.

g. Providers will continue to receive rates based on the new owner's cost report until a later cost report is approved for rebasing.

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/GL-PL Insurance Supplemental 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. The Allowed Per diem for general and professional liability insurance will be the lower of projected costs or 90% of 105% of the median Net Per Diem in the current Supplemental Administrative and General-General and Professional Liability Insurance cost center.
- 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 Allowed Per Diem for general and professional liability insurance will be the lower of projected costs or 95% of 105% of the median Net Per Diem in the current Supplemental Administrative and General- General and Professional Liability Insurance cost center.

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.”*

- d. In all other instances where the Division determines that a cost report/GL-PL Insurance Supplemental 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 unauditible cost reports. If the Division determines that a cost report/GL-PL Insurance Supplemental Report which was to be used to set a reimbursement rate is unauditible (i.e., the Division’s auditors cannot render an opinion using commonly accepted auditing practices on the filed cost report, either on the desk review or on-site audit), or unreliable (See Supplement 3 to Attachment 4.19-D), the Division may reimburse the facility the lower of the following:

The last Total Allowed Per Diem Billing Rate issued prior to the reimbursement period to be covered by the unauditible cost report/GL-PL Insurance Supplemental Report;

The Total Allowed Per Diem Billing Rate calculated from the unauditible cost report; or,

The Total Allowed Per Diem Billing Rate calculated according to 90% of the four Non-Property and Related Standard Per Diem amounts plus the appropriate growth allowance and Property and Related Net Per Diem. The Allowed Per diem for general and professional liability insurance will be 90% of 105% of the the median Net Per Diem in the current Supplemental Administrative

and General- General and Professional Liability Insurance cost center.

Once a cost report/GL-PL Insurance Supplementall Report becomes auditable and appropriate, the Total Allowed Per Diem Billing Rate will then be calculated using the audited cost report/GL-PL Insurance Supplemental Report as a basis. The resulting reimbursement rate will then be applied to the appropriate period.

- e. If a case mix score cannot be determined for a facility, the average score for all facilities may be used in a rate calculation. If a facility's number of MDS assessments for Medicaid patients in a quarter is less than 10% of the MDS assessmens for all patients, the Department may elect to use the average case mix score for all facilities.

Other Rate Adjustments

Quality Improvement Initiative Program

Facilities must enroll in the Quality Improvement Program to receive the following incentives:

- a. A staffing adjustment equal to 1% of the Allowed Per Diem for Routine and Special Services may be added to a facility's rate. To qualify for such a rate adjustment, a facility's Nursing Hours and Patient Days Report must demonstrate that the facility meets the minimum staffing requirements presented on page 24 of this Supplement in the section titled "*Additional Care Services, Required Nursing Hours.*"
- b. For the most recent calendar quarter for which MDS information is available, Brief Interview for Mental Status (BIMS) scores for Medicaid patients will be measured, as determined by the Division. An adjustment factor may be applied to a facility's Routine and Special Services Allowed Per Diem based on the percentage of Medicaid patients whose BIMS scores are less than or equal to 5. The adjustment factors are as follows:

% of Medicaid Patients	Adjustment Factor
<20%	0%
20% - <30%	1%