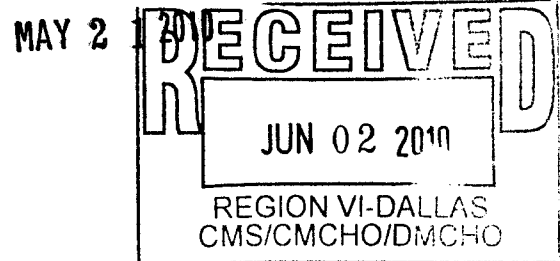


DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP, and Survey & Certification

Dr. Lynn Mitchell
State Medicaid Director
Oklahoma Health Care Authority
4545 North Lincoln Blvd., Suite 124
Oklahoma City, Oklahoma 73105
Attention: Cindy Roberts



RE: TN 10-08

Dear Dr. Mitchell:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 10-08. The Oklahoma Health Care Authority (OHCA) recommends a revision to the current rates and reimbursement structure for the Regular Nursing Facilities, Regular ICF's/MR, Acute Care ICF's/MR, Aids Nursing Facilities and Ventilator Add on Rates. The OHCA is proposing recalculation of the current rates by a reduction of 3.25% effective April 1, 2010.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 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. As part of the review process the State was asked to provide information regarding funding of the State share of expenditures under Attachment 4.19-D. Based upon the assurances provided, we are pleased to inform you that Medicaid State plan amendment 10-08 is approved effective April 1, 2010. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Sandra Dasheiff, CPA at (214) 767-6490.

Sincerely,



Cindy Mann
Director
Center for Medicaid, CHIP, and Survey & Certification

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER 1 0 - 0 8	2. STATE Oklahoma
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE April 1, 2010	
5. TYPE OF PLAN MATERIAL (Check One) <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS A NEW PLAN <input checked="" type="checkbox"/> AMENDMENT		
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)		
6. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447.253	7. FEDERAL BUDGET IMPACT a. FFY <u>2010</u> (\$6,065,789) savings b. FFY <u>2011</u> (\$12,203,600) savings	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Refer to Attachment	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Refer to Attachment	
10. SUBJECT OF AMENDMENT Changes in Nursing Facility and ICF/MR Payment Methodology		

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 does not review State Plan material.

12. SIGNATURE OF STATE AGENCY OFFICIAL



13. TYPED NAME

Mike Fogarty

14. TITLE


Chief Executive Officer

15. DATE SUBMITTED

March 25, 2010

16. RETURN TO

**Oklahoma Health Care Authority
Attn: Cindy Roberts
4545 N. Lincoln Blvd., Suite 124
Oklahoma City, OK 73105**

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED 8 March 2010	18. DATE APPROVED MAY 21 2010
19. DISCUSS THE DATE OF APPROVAL MATERIAL APR - 1 2010	20. 
21. TYPED NAME CINDY MANN	22. TITLE DIRECTOR CMCS
23. REMARKS Mike Fogarty Cindy Roberts Cindy Mann John Feltz Randy Hahn	

ATTACHMENT TO SPA 10-08
Oklahoma Health Care Authority

**8. PAGE NUMBER OF THE PLAN
SECTION OR ATTACHMENT**

Attachment 4.19-D, Page 13(b)
Attachment 4.19-D, Page 26
Attachment 4.19-D, Page 27
Attachment 4.19-D, Page 29
Attachment 4.19-D, Page 42
Attachment 4.19-D, Page 55

**9. PAGE NUMBER OF THE SUPERSEDED
PLAN SECTION OR ATTACHMENT**

Same Page, Revised 01-01-10, TN # 09-11
Same Page, Revised 01-01-10, TN # 09-11
Same Page, Revised 09-01-01, TN # 02-04
Same Page, Revised 07-01-06, TN # 06-07
Same Page, Revised 01-01-10, TN # 09-11
Same Page, Revised 01-01-10, TN # 09-11

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES FOR NURSING
FACILITIES7. RATE ADJUSTMENTS BETWEEN REBASING PERIODS (continued)

Step Three: The Direct Care Pool of available funds will be divided by the aggregate estimated Medicaid Cost determined in step two to determine an add-on percent for Direct Care.

Step Four: The Direct Care add-on for each facility will be determined by applying the percent calculated in step three to each facility's per patient day Direct Care Value determined in step one.

Step Five: The sum of the Base Rate and add-ons for Direct Care and Other Costs will be the facility specific rate for the period. The only exceptions to this logic are for homes that do not file a report and for new homes established in the rate year. For homes not filing a cost report, the rate will be the sum of the base rate plus the Other Cost add-on, only. For new facilities beginning operations in the rate year, the rate will be the median of those established rates for the year.

- (c) For the rate period beginning 7/1/05, the total funds available for establishing the pools in (a) and (b) is zero (0).
 - (d) For the rate period beginning 7/1/06, the total available pool amount for establishing rates as described in (a) and (b) is \$71,396,300.
 - (e) For the rate period beginning 07-01-07 the total available pool amount for establishing annual rates as described in (a) and (b) is \$99,275,444.
 - (f) For the rate period beginning 11/01/08, the total available pool amount for establishing the rate components described in (a) and (b) is \$118,007,540.
 - (g) For the rate period beginning 01/01/10, the total available pool amount for establishing the rate components described in (a) and (b) is \$115,979,147.
 - (h) For the rate period beginning 04/01/10, the total available pool amount for establishing the rate components described in (a) and (b) is \$99,248,541.
- (1) As of July 1, 2007 Nursing Facilities Serving Adults and Aids Patients will be able to earn additional reimbursement for "points" earned in the Oklahoma Focus on Excellence Quality Rating Program.

Revised 04-01-10

TN# 10-08
Supersedes
TN# 09-11

Approval Date MAY 21 2010 Effective Date 04-01-10

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
FOR NURSING FACILITIES****4. Enhancements (continued)**

A settlement will be made based on the variance in the amount of enhanced payments and the amount expended for wages and benefits paid for the specified staff. The settlement will be capped at \$3.15 per day.

Facility-specific target rates were determined for each provider. Fiscal year 1995 costs were used to set the rates. The target rates were calculated as follows:

1. The reported salaries and wages for the specified staff were summed for each facility (specified staff salaries).
2. An employee benefits ratio was determined by dividing total facility benefits by total facility salaries and wages.
3. Total specified staff salaries were multiplied by the employee benefits ratio calculated in 2 above, to determine allowable employee benefits.
4. Specified staff salaries and allowable employee benefits were summed and divided by total facility patient days to arrive at the base year allowable cost per diem.
5. The base year allowable cost per diem for each facility was trended forward by factors of 2.9 percent and 3.1 percent.
6. An adjustment of \$3.15 per day was added to the trended base year costs to arrive at the target rate for each facility.
7. For facilities demonstrating compliance for two consecutive quarters as of June 30, 2000, the reporting requirement is waived. Facilities not in compliance or not participating at July 1, 2000, may not participate in the program and receive the enhanced rate adjustment of \$3.15. New facilities and facilities under new ownership may participate in the wage enhancement program and will be subject to the compliance requirements of the program. As of July 1, 2007 the adjustment for wage enhancement will be applied to 100% of the facilities due to 100% compliance in expenditures levels with the passage of time and other programs as met in 4.19-D-7 under this section.
8. As of July 1, 2007 Nursing Facilities Serving Aids Patients will be eligible for additional reimbursement for participation in and Points earned in the Oklahoma Focus on Excellence Quality Rating Program. The points earned and additional reimbursements available are the same as those detailed in 4.19-D-7 in the section covering reimbursement for STANDARD NURSING FACILITIES SERVING ADULTS.

5. COSTS OF COMPLIANCE WITH OMNIBUS BUDGET RECONCILIATION ACT (OBRA) OF 1987

All of the costs of compliance appear in provider cost reports used to develop rates. Therefore, no further adjustment or add-on is required.

6. RATE ADJUSTMENTS BETWEEN REBASING PERIODS

Beginning January 1, 2010 the rates will be adjusted annually on January 1, in an amount equal to the estimated savings or loss to the program as a result of the automatic cost of living adjustment on Social Security benefits as published in the Federal Register and the resulting effect to the spend-down required of the recipients. For Regular Nursing facilities the effect is \$.32 per day for each one (1) percent change in the SSI determined from the average effect of SSI increases from CY 2004 to CY 2009. For Nursing Facilities and facilities serving Aids patients, the effect is \$.32 per day for each one (1) percent change in the SSI determined from the average effect of SSI increases from CY 2004 to CY 2009.

7. For the rate period beginning July 1, 2006, the statewide rate will be increased 4.12%.
8. For the rate period beginning April 1, 2010, the statewide rate will be decreased by 2.93%.

Revised 04-01-10

TN# 10-08
Supersedes
TN# 09-11

Approval Date MAY 21 2010 Effective Date 04-01-10

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
FOR NURSING FACILITIES

STANDARD NURSING FACILITY SERVING VENTILATOR – DEPENDENT PATIENTS

A statewide enhanced reimbursement rate shall be computed annually for nursing facilities (NFs) serving ventilator-dependent patients.

Definitions – Reimbursement is limited to the average standard rate paid to NFs serving adults plus an enhancement for ventilator patients. The enhanced payment is an amount reflecting the additional costs of meeting the specialized care needs of ventilator-dependent patients. To qualify for the enhanced payment, a facility must (1) not have a waiver under Section 1919(b)(4)(C)(ii) of the Social Security Act, and (2) submit a treatment plan and most recent doctor's orders and/or hospital discharge summary to the Oklahoma Health Care Authority for prior authorization.

Rate Determination – The add-on rate is determined prospectively as follows:

1. The estimated cost of direct care personnel is calculated using ventilator care-related criteria developed by the State of Minnesota. The criteria identifies the tasks, caregiver time estimate (in minutes per day) and caregivers (RN, LPN, etc.) required to complete each element of care on a daily basis. (For blood gas tasks, a respiratory therapist was substituted for the RN).
2. Each care giver time estimate, within each task category, is added together to arrive at a total caregiver time estimate within each task category. The total caregiver time estimate is converted to hours per day. It is then multiplied by a projected hourly wage rate by class of caregiver to arrive at a cost per day for each caregiver within each task category. Each cost per day for each caregiver is added together to arrive at a total caregiver cost within each task category. Each total caregiver cost is added together to arrive at a total caregiver cost to complete all identified tasks. The projected hourly wage rates were derived from the most recently available NF cost reports.
3. A factor for fringe benefits is calculated by dividing total employee benefits by total salaries and wages. The total caregiver cost to complete all identified tasks is multiplied by the factor for fringe benefits to arrive at a fringe benefit cost. The fringe benefit cost is added back into the total caregiver cost to complete all identified tasks to arrive at an adjusted total caregiver cost. Total employee benefits and total salaries and wages were derived from the most recently available NF cost reports.

Revised 04-01-10

TN# 10-08
Supersedes
TN# 02-04

Approval Date MAY 21 2010 Effective Date 04-01-10

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
FOR NURSING FACILITIES**

The add-on rate will be established prospectively according to the methods described above until a reimbursement rate can be derived from the cost reports which will reasonably reimburse the cost of an economic and efficient provider for ventilator patient care.

For the period beginning January 1, 2004, no adjustment will be made to the add-on.

For the rate period beginning July 1, 2006, the statewide add-on will be increased by 9.155%.

For the rate period beginning April 1, 2010, the statewide add-on will be decreased by 3.25%.

Revised 04-01-10

TN# 10-08
Supersedes
TN# 06-07

Approval Date MAY 21 2010 Effective Date 04-01-10

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED****4. Enhancements (continued)**

3. Total specified staff salaries were multiplied by the employee benefits ratio calculated in 2 above, to determine allowable employee benefits.
4. Specified staff salaries and allowable employee benefits were summed and divided by total facility patient days to arrive at the base year allowable cost per diem.
5. The base year allowable cost per diem for each facility was trended forward by factors of 2.9 percent and 3.1 percent.
6. An adjustment of \$4.20 per day was added to the trended base year costs to arrive at the target rate for each facility.
7. For facilities demonstrating compliance for two consecutive quarters as of June 30, 2000, the reporting requirement is waived. Facilities not in compliance or not participating at July 1, 2000, may not participate in the program and receive the enhanced rate adjustment of \$4.20. New facilities and facilities under new ownership may participate in the wage enhancement program and will be subject to the compliance requirements of the program. As of July 1, 2007 the adjustment for wage enhancement will be applied to 100% of the facilities due to 100% compliance in expenditure levels and due to the adjustments in 6 below.

5. RATE ADJUSTMENTS BETWEEN REBASING PERIODS

Beginning January 1, 2010, the rates will be adjusted annually on January 1, in an amount equal to the estimated savings or loss to the program as a result of the automatic cost of living adjustment on Social Security benefits as published in the Federal Register and the resulting effect to the spend-down required of the recipients. The estimated total funds will include the estimated savings or loss to the program as a result of the automatic cost of living adjustment on Social Security benefits as published in the federal register and the resulting effect to the spend-down required of the recipients. For Standard Private Intermediate Care Facilities for the Mentally Retarded (ICFs/MR) the effect is \$.22 per day for each one (1) percent change in the SSI determined from the average effect of SSI increases from CY 2004 to CY 2009.

6. For the rate period beginning July 1, 2006, the statewide rate will be increased by 10.32%.
7. For the rate period beginning July 1, 2008, the statewide rate will be increased by 4.57%.
8. For the rate period beginning April 1, 2010, the statewide rate will be decreased by 2.81%.

Revised 04-01-10

TN# 10-08
Supersedes
TN# 09-11

MAY 2 1 2010

Approval Date _____ Effective Date 04-01-10

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED**

5. RATE ADJUSTMENTS BETWEEN REBASING PERIODS

Beginning January 1, 2010, the rates will be adjusted annually on January 1, in an amount equal to the estimated savings or loss to the program as a result of the automatic cost of living adjustment on Social Security benefits as published in the Federal Register and the resulting effect to the spend-down required of the recipients. The estimated total funds will include the estimated savings or loss to the program as a result of the automatic cost of living adjustment on Social Security benefits as published in the federal register and the resulting effect to the spend-down required of the recipients. For Specialized Private Intermediate Care Facilities for the Mentally Retarded 16 Bed or Less, the effect is \$.20 per day for each one (1) percent change in the SSI determined from the average effect of SSI increases from CY 2004 to CY 2009.

6. For the rate period beginning July 1, 2006, the statewide rate will be increased by 10.90%.
7. For the rate period beginning July 1, 2008, the statewide rate will be increased by 3.90%
8. For the rate period beginning April 1, 2010, the statewide rate will be decreased by 2.93%.

The state has in place a public process which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.

Revised 04-01-10

MAY 21 2010TN# 10-08
Supersedes
TN# 09-11

Approval Date _____

Effective Date 04-01-10