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State/Territory Name: Oklahoma

State Plan Amendment (SPA) #: 18-0028

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved Page

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

Ms. Becky Pasternik-Ikard
Oklahoma Health Care Authority
4345 N. Lincoln Blvd.
Oklahoma City, OK 73105

Our Reference: SPA OK 18-0028

October 23, 2018

Dear Ms. Pasternik-Ikard:

We have reviewed the proposed State plan amendment (SPA) to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 18-28. This amendment proposes to increase the nursing facility pool amounts, base rate components for nursing facilities serving adults and Aids patients, and the rates for private Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID).

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C.

Based upon the information provided by the State, Medicaid State plan amendment 18-28 is approved effective October 1, 2018. We are enclosing the Form CMS-179 and the new plan pages.

If you have any questions, please call Tamara Sampson at (214) 767-6431.

Sincerely,

A black rectangular redaction box covering the signature of Kristin Fan. A thin horizontal line extends from the right side of the box.

Kristin Fan
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

1 8 - 2 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

October 1, 2018

5. TYPE OF PLAN MATERIAL (Check One)

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS A 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 440.155

7. FEDERAL BUDGET IMPACT

a. FFY 2019 \$ \$14,556,989

b. FFY 2020 \$ \$14,556,989

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-D, Page 3
Attachment 4.19-D, Page 5
Attachment 4.19-D, Page 11
Attachment 4.19-D, Page 25
Attachment 4.19-D, Page 38

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

Attachment 4.19-D, Page 3, TN # 18-17 (pending)
Attachment 4.19-D, Page 5, TN # 18-17 (pending)
Attachment 4.19-D, Page 11, TN # 18-17 (pending)
Attachment 4.19-D, Page 25, TN # 18-12
Attachment 4.19-D, Page 38, TN # 18-12

10. SUBJECT OF AMENDMENT

Four (4) percent reimbursement increase for services provided in long-term care facilities

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

Rebecca Pasternik-Ikard

14. TITLE

Chief Executive Officer

15. DATE SUBMITTED

September 14, 2018

16. RETURN TO

Oklahoma Health Care Authority
Attn: Tywanda Cox
4345 N. Lincoln Blvd.
Oklahoma City, OK 73105

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

September 14, 2018

18. DATE APPROVED

OCT 23 2018

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

October 1, 2018

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME

Kristin Fan

22. TITLE

Director, FMG

23. REMARKS

c: Nico Gomez
Becky Pasternik-Ikard
Tywanda Cox

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
FOR NURSING FACILITIES****STANDARD NURSING FACILITIES SERVING ADULTS (continued)****B. RATE SETTING PROCESS**

Beginning July 1, 2007, the Oklahoma Health Care Authority uses the following method to adjust rates of payment for nursing facilities:

1. DEFINITIONS:

Base Rate Component is the rate in effect on June 30, 2005, defined as \$103.20 per day. Included in the base rate is the QOC Fee. Any changes to the Base Rate will be made through future Plan changes if required. For the rate period beginning September 01, 2012, the Base Rate will be \$106.29. For the rate period beginning July 1, 2013, the Base Rate will be \$107.24. For the rate period beginning July 1, 2016, the Base Rate will be \$107.57 per patient day. For the rate period beginning July 1, 2017, the Base Rate will be \$107.79 per patient day. For the rate period beginning July 1, 2018, the Base Rate will be \$107.98 per patient day. For the rate period beginning October 1, 2018, the Base Rate will be \$108.12 per patient day.

Direct Care Cost Component is defined as the component established based on each facilities relative expenditures for Direct Care which are those expenditures reported on the annual costs reports for salaries (including professional fees and benefits), for registered nurses, licensed practical nurses, nurse aides, and certified medication aides.

Other Cost Component is defined as the component established based on monies available each year for all costs other than direct care and incentive payment totals, i.e., total allowable routine and ancillary costs (including capital and administrative costs) of nursing facility care less the Direct Care Costs and incentive payment totals.

Incentive Rate Component is defined as the component earned each quarter under the Focus on Excellence program.

Rate Period is defined as the period of time between rate calculations.

2. GENERAL:

The estimated total available 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 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.

Individual rates of payment will be established as the sum of the Base Rate plus add-ons for Direct Care, Other Costs, and the incentive add-on earned under the Oklahoma Focus on Excellence Quality of Care Rating System.

State: Oklahoma
Date Received: September 14, 2018
Date Approved: OCT 23, 2018
Date Effective: October 1, 2018
Transmittal Number: 18-28

Revised 10-01-18

TN# 18-28Approval Date 10-23-2018Effective Date 10-01-2018Supersedes TN # 18-17

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
FOR NURSING FACILITIES****STANDARD NURSING FACILITIES SERVING ADULTS (continued)**

For new facilities beginning operations in the current rate period, the rate will be the median of those established rates for the year.

For the rate period beginning 01/01/12, the total available pool amount for establishing the rate components described in 1 and 2 is \$102,318,569.

For the rate period beginning 09/01/12, the total available pool amount for establishing the rate components described in 1 and 2 is \$147,230,204.

For the rate period beginning 07/01/13, the total available pool amount for establishing the rate components described in 1 and 2 is \$162,205,189.

For the rate period beginning 07/01/14, the total available pool amount for establishing the rate components described in 1 and 2 is \$158,391,182.

For the rate period beginning 07/01/16, the total available pool amount for establishing the rate components described in 1 and 2 is \$158,741,836.

For the rate period beginning 07/01/17, the total available pool amount for establishing the rate components described in 1 and 2 is \$160,636,876.

For the rate period beginning 07/01/18, the total available pool amount for establishing the rate components described in 1 and 2 is \$158,938,847.

For the rate period beginning 10/01/18, the total available pool amount for establishing the rate components described in 1 and 2 is \$174,676,429.

3. As of July 1, 2007 Nursing Facilities Serving Adults and Aids Patients were/are able to earn additional reimbursement for "points" earned in the Oklahoma Focus on Excellence Quality Rating Program.

For the period beginning 07-01-07, facilities participating in the Focus on Excellence Program will receive an incentive component equal to one (1) percent of the sum of the Base Rate component plus the Other Component as defined above in this section. Participation is defined as having signed a contract amendment agreeing to participate and successfully remanding the required monthly data entry and annual surveys by the required time. Incomplete submissions and non-submissions are a breach and the facility will not receive bonus payments for those Quality Measurements not reported or reported incompletely, the Oklahoma Health Care Authority will have the final determination if a disagreement occurs as to whether the facility has successfully submitted the required data and surveys.

For the period beginning 01-01-08, the reimbursement was set at the following levels:

Participation and/or 1 to 2 Points earned level:

The add-on is set at 1% of the sum of the Base Rate and the Other Component

3 to 4 points earned:

The add-on is set at 2% of the sum of the Base Rate and the Other Component

5 to 6 points earned:

The add-on is set at 3% of the sum of the Base Rate and the Other Component

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Supersedes TN# 18-17

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
FOR NURSING FACILITIESSTANDARD NURSING FACILITY SERVING AIDS PATIENTS (*continued*)

B. RATE SETTING PROCESS

1. DEFINITIONS AND METHODOLOGY

Base Rate Component is the rate component representing the allowable cost of the services rendered in an AIDS nursing facility and for the period beginning November 1, 2010 is \$178.64, the difference in the costs reported for aids facilities and regular nursing facilities plus the average rate for November 1, 2010 for regular nursing facilities, not including the incentive payment component (\$193.79 less \$138.17 plus \$123.02); or \$178.64 per patient day. For the rate period beginning September 1, 2012, the Base Rate Component will be \$192.50. For the rate period beginning July 1, 2013, the Base Rate Component will be \$196.95. For the rate period beginning July 1, 2014, the Base Rate Component will be \$197.49. For the rate period beginning July 1, 2016, the Base Rate Component will be \$199.19 per patient day. For the rate period beginning July 1, 2017, the Base Rate Component will be \$200.01 per patient day. For the rate period beginning July 1, 2018, the Base Rate Component will be \$201.32 per patient day. For the rate period beginning October 1, 2018, the Base Rate Component will be \$207.86 per patient day.

- (A) 56 Okla. Stat. § 2002 requires that all licensed nursing facilities pay a statewide average per patient day *Quality of Care assessment fee* based on maximum percentage allowed under federal law of the average gross revenue per patient day. Gross revenues are defined as Gross Receipts (i.e., total cash receipts less donations and contributions). *The assessment is an allowable cost as it relates to Medicaid services and a part of the base rate component.*

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Revised 10-01-18

TN# 18-28Approval Date 10-23-2018Effective Date 10-01-2018Supersedes TN# 18-17

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES**

STANDARD PRIVATE INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES (ICF'S/IID) (continued)

A. COST ANALYSES (continued)

4. 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 Individuals with Intellectual Disabilities (ICFs/IID) 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.

For the rate period beginning July 1, 2006, the statewide rate will be increased by 10.32%.

For the rate period beginning July 1, 2008, the statewide rate will be increased by 4.57%.

For the rate period beginning April 1, 2010, the statewide rate will be decreased by 2.81%.

For the rate period beginning September 1, 2012, the statewide rate will be increased by 1.93%.

For the rate period beginning July 1, 2013, the statewide rate will be increased by 0.56%.

For the rate period beginning July 1, 2016, the statewide rate will be increased by 0.2951%, resulting in a rate of \$122.32 per patient per day.

For the rate period beginning July 1, 2017, the statewide rate will be increased by 0.3104%, resulting in a rate of \$122.77 per patient per day.

For the rate period beginning October 1, 2018, the statewide rate will be increased by 3.47%, resulting in a rate of \$127.49 per patient per day.

State: Oklahoma Date Received: September 14, 2018 Date Approved: OCT 23 2018 Date Effective: October 1, 2018 Transmittal Number: 18-28
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Revised 10-01-18

TN# 18-28

Approval Date 10-23-2018

Effective Date 10-01-2018

Supersedes TN# 18-12

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES**

SPECIALIZED PRIVATE ICFs/IID 16 BED OR LESS**A. COST ANALYSES *(continued)*****4. 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 Individuals with Intellectual Disabilities 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.

For the rate period beginning July 1, 2006, the statewide rate will be increased by 10.90%.

For the rate period beginning July 1, 2008, the statewide rate will be increased by 3.90%

For the rate period beginning April 1, 2010, the statewide rate will be decreased by 2.93%.

For the rate period beginning September 1, 2012, the statewide rate will be increased by 1.86%.

For the rate period beginning July 1, 2013, the statewide rate will be increased by 0.30%.

For the rate period beginning July 1, 2016, the statewide rate will be increased by 0.2048%, resulting in a rate of \$156.51 per patient per day.

For the rate period beginning July 1, 2017, the statewide rate will be increased by 0.2937%, resulting in a rate of \$157.03 per patient per day.

For the rate period beginning October 1, 2018, the statewide rate will be increased by 3.56%, resulting in a rate of \$163.04 per patient per day.

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

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Transmittal Number: 18-28

Revised 10-01-18

TN# 18-28Approval Date 10-23-2018Effective Date 10-01-2018Supersedes TN# 18-12