State/Territory Name: Indiana

State Plan Amendment (SPA) #: 20-0020

This file contains the following documents in the order listed:

1) Approval Letter
2) CMS 179 Form/Summary Form (with 179-like data)
3) Approved SPA Pages
Financial Management Group

March 12, 2021

Allison Taylor, Medicaid Director
Family Social Services Administration
402 West Washington, Room W461
Indianapolis, IN 46204

RE: State Plan Amendment (SPA) 20-0020

Dear Ms. Taylor:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 20-0020. This State Plan Amendment changes the year October 1, 2020 through September 30, 2021 from a rebasing year to a non-rebasing year for Nonstate Operated Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs/IID) and Community Residential Facilities for the Developmentally Disabled (CRFs/DD).

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. We have found that the proposed reimbursement methodology complies with applicable requirements and therefore have approved them with an effective date of October 1, 2020. We are enclosing the CMS-179 (HCFA-179) and the amended approved plan pages.

If you have any questions, please contact Fredrick Sebree at Fredrick.sebree@cms.hhs.gov.

Sincerely,

For
Rory Howe
Acting Director
TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER: 20-020
2. STATE Indiana

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE: October 1, 2020

5. TYPE OF PLAN MATERIAL (Check One):
   [ ] NEW STATE PLAN [ ] AMENDMENT TO BE CONSIDERED AS NEW PLAN [X] AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
   Title 42 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT (thousands):
   b. FFY 2021 $ 159

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
   Attachment 4.19-D Page 73, 74, 83

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
   Attachment 4.19-D Page 73, 74, 83

10. SUBJECT OF AMENDMENT:
This State Plan amendment proposes to change the year October 1, 2020 through September 30, 2021 from a rebasing year to a non-rebasing year.

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
   [X] OTHER, AS SPECIFIED:
   Indiana’s Medicaid State Plan does not require the Governor’s review. See Section 7.4 of the State Plan

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Allison Taylor
14. TITLE: Medicaid Director
15. DATE SUBMITTED: December 17, 2020

FOR REGIONAL OFFICE USE ONLY

16. RETURN TO: Allison Taylor
MEDICAID DIRECTOR
INDIANA OFFICE OF MEDICAID POLICY AND PLANNING
402 WEST WASHINGTON STREET, ROOM W374
INDIANAPOLIS, IN 46204

ATTN: Sara Albertson, Federal Relations Lead

17. DATE RECEIVED: 12/17/2020
18. DATE APPROVED: 3/12/21

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 10/1/2020
20. SIGNATURE OF AUTHORITY

21. TYPED NAME: Rory Howe
22. SIGNATURE OF AUTHORITY

FORM HCFA-179 (07-92)
23. REMARKS:

State update FFY from 2020 to 2021 in block 7 on 2/18/2021
(o) "Equity" means allowable historical costs of facilities and equipment, less the unpaid balance of allowable debt at the provider's reporting year-end.

(p) "Fair rental value allowance" means a methodology for reimbursing extensive support needs residences for adults for the use of allowable facilities and equipment, based on establishing a rental rate, and a rental valuation on a per bed basis of the facilities and equipment.

(q) "Field audit" means a formal official verification and methodical examination and review, including the final written report of the examination of original books of accounts by auditors.

(r) "Forms prescribed by the office" means:
   (1) forms provided by the office; or
   (2) substitute forms that have received prior written approval by the office.

(s) "General line personnel" means management personnel above the department head level who perform a policymaking or supervisory function impacting directly on the operation of the facility.

(t) "Generally accepted accounting principles" or "GAAP" means those accounting principles as established by the designated authority that governs the preparation of financial statements based on whether an entity is government or nongovernment owned, or whether it is governed by the requirements of the state board of accounts.

(u) "Like levels of care" means care:
   (1) within the same level of licensure provided in a CRF/DD;
   (2) provided in a nonstate-operated ICF/IID; or
   (3) provided in a nonstate-operated ICF/IID licensed as a CRMNF.

(v) "Non-rebasing year" means the year during which nonstate operated ICFs/IID and CRFs/DD annual Medicaid rate is not established based on a review of their annual financial report covering their most recently completed historical period. The annual Medicaid rate effective during a non-rebasing year shall be determined by adjusting the Medicaid rate from the previous year by an inflation adjustment. The following years shall be non-rebasing years:
   October 1, 2019, through September 30, 2020
   October 1, 2020, through September 30, 2021
   October 1, 2021, through September 30, 2022
   October 1, 2023, through September 30, 2024
   October 1, 2025, through September 30, 2026
   And every second year thereafter.

(w) "Ordinary patient or member-related costs" means costs of services and supplies that are necessary in delivery of patient or resident care by similar providers within the state.

TN: 20-020
Supersedes
TN: 16-005
Approval Date: 3/12/21    Effective Date: October 1, 2020
(x) "Patient or resident/member care" means those Medicaid program services delivered to a Medicaid enrolled member by a provider.

(y) "Profit add-on" means an additional payment to providers in addition to allowable costs as an incentive for efficient and economical operation.

(z) "Reasonable allowable costs" means the price a prudent, cost conscious buyer would pay a willing seller for goods or services in an arm's length transaction, not to exceed the limitations set out in this rule.

(aa) "Rebasing year" means the year during which nonstate operated ICFs/IID and CRFs/DD Medicaid rate is based on a review of their annual financial report covering their most recently completed historical period. The following years shall be rebasing years:
   - October 1, 2018, through September 30, 2019
   - October 1, 2022, through September 30, 2023
   - October 1, 2024, through September 30, 2025
   And every second year thereafter.

(bb) "Related party/organization" means that the provider:
   - (1) is associated or affiliated with; or
   - (2) has the ability to control or be controlled by;
   the organization furnishing the service, facilities, or supplies.

(cc) "Routine medical and nonmedical supplies and equipment" includes those items generally required to assure adequate medical care and personal hygiene of patients or residents by providers of like levels of care.

(dd) "Unit of service" means all patient or resident care at the appropriate level of care included in the established per diem rate required for the care of a patient or resident for one (1) day (twenty-four (24) hours).

(ee) "Use fee" means the reimbursement provided to fully amortize both principal and interest of allowable debt under the terms and conditions specified in this rule, for all providers, except for providers of extensive support needs residences for adults.
405 IAC 1-12-7 Request for rate review; effect of inflation; occupancy level assumptions

Sec. 7. (a) Rate setting during rebasing years shall be based on the provider's annual or historical financial report for the most recent completed year. In determining prospective allowable costs during rebasing years, each provider's costs from the most recent completed year will be adjusted for inflation by the office using the following methodology. All allowable costs of the provider, except for:

1. mortgage interest on facilities and equipment;
2. depreciation on facilities and equipment;
3. rent or lease costs for facilities and equipment; and
4. working capital interest;
shall be increased for inflation using the CMS Nursing Home without Capital Market Basket index as published by IHS. The inflation adjustment shall apply from the midpoint of the annual or historical financial report period to the midpoint of the expected rate period.

(b) For purposes of determining the average allowable cost of the median patient day as applicable during rebasing years, each provider's costs from their most recent completed, non-excluded year will be adjusted for inflation by the office using the following methodology. Providers whose most recently completed rate is an initial interim rate shall be excluded from the determination of the average allowable cost of the median patient day. Additionally, any annual financial report period that, partially or fully, overlaps the period of March 1, 2020 through December 31, 2020 shall be excluded from the determination of the average allowable cost of the median patient day. All allowable costs of the provider, except for:

1. mortgage interest on facilities and equipment;
2. depreciation on facilities and equipment;
3. rent or lease costs for facilities and equipment; and
4. working capital interest;
shall be increased for inflation using the CMS Nursing Home without Capital Market Basket index as published by IHS. The inflation adjustment shall apply from the midpoint of the annual or historical financial report period to the midpoint prescribed as follows:

<table>
<thead>
<tr>
<th>Median Effective Date</th>
<th>Midpoint Quarter</th>
</tr>
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<tbody>
<tr>
<td>January 1, Year 1</td>
<td>July 1, Year 1</td>
</tr>
<tr>
<td>April 1, Year 1</td>
<td>October 1, Year 1</td>
</tr>
<tr>
<td>July 1, Year 1</td>
<td>January 1, Year 2</td>
</tr>
<tr>
<td>October 1, Year 1</td>
<td>April 1, Year 2</td>
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