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State Name: West Virginia

State Plan Amendment (SPA) #: 17-0004

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
Dear Commissioner Beane:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of West Virginia’s State Plan Amendment (SPA) 17-004, Neonatal Abstinence Syndrome Treatment Services. We are pleased to inform you that this SPA is approved with an effective date of October 1, 2017.

Enclosed is a copy of the CMS Summary Page (CMS-179 form) and the approved State Plan pages.

We appreciate the cooperation and effort provided by your staff throughout this process. If you have further questions about this SPA, please contact Dan Belnap of my staff at 215-861-4273.

Sincerely,

/S/

Francis McCullough
Associate Regional Administrator

Enclosures

cc: Tony Atkins, Bureau for Medical Services
     Ryan Sims, Bureau for Medical Services
TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 17 004
2. STATE: West Virginia
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
October 1, 2017

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:
   42 U.S.C. 1396a(43); 42 U.S.C. 1396d(r)

7. FEDERAL BUDGET IMPACT:
   a. FFY 2018 $ 687,000
   b. 2019 $ 687,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
   Attachment 4.19-B, pages 3aaa.1, 3aaa.2 and 3aaa.3 (db edit) (new pages)

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable).

10. SUBJECT OF AMENDMENT:
    Neonatal abstinence syndrome treatment services

11. GOVERNOR'S REVIEW (Check One):
    [X] GOVERNOR'S OFFICE REPORTED NO COMMENT
    [ ] COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
    [ ] NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:
    /s/ Cynthia Beane

13. TYPED NAME:
    Cynthia Beane

14. TITLE:
    Commissioner

15. DATE SUBMITTED:
    22-Nov-17

FOR REGIONAL OFFICE USE ONLY

16. RETURN TO:
    Bureau for Medical Services
    350 Capitol Street Room 251
    Charleston West Virginia 25301

17. DATE RECEIVED
    November 22, 2017

18. DATE APPROVED
    February 8, 2018

19. EFFECTIVE DATE OF APPROVED MATERIAL:
    October 1, 2017

20. SIGNATURE OF REGIONAL OFFICIAL:
    /S/

21. TYPED NAME:
    Francis McCullough

22. TITLE
    Associate Regional Administrator

23. REMARKS:
    Pen and ink change to box #8 to add missing page number 3aaa.3 (db)
1. NEONATAL ABSTINENCE SYNDROME SERVICES

   a. Neonatal abstinence syndrome (NAS) services are covered pursuant to the rate methodology set forth in 2. through 4. below.

   b. NAS services and providers are defined as follows:

      • Nursing services by a registered nurse pursuant to Attachment 3.1-B, page 1 of this State Plan
      • Supportive counseling, evaluation and assessment and service planning by qualified, state licensed counselor or social worker pursuant to Supplement 2 to Attachment 3.1-A and 3.1-B, page 5 of this State Plan.
      • Targeted case management services by state licensed and/or educated professionals, all as defined in Attachment A, D and E of Supplement 1 to Attachment 3.1-A, pages 6 through 6e;

   c. Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of NAS services. The agency’s fee schedule rate for such services was set as of October 1, 2017, and is effective for services provided on or after that date. The schedule is updated annually. All rates are published on the agency’s website at www.dhhr.wv.gov/bms.

2. RATE METHODOLOGY

Reimbursement for NAS services is an all-inclusive bundled cost per diem rate based on a prospective payment methodology for the daily treatment of Medicaid members.

3. RATE COVERED SERVICES FOR NAS SERVICES BUNDLED RATE

   a. The NAS services all-inclusive bundled per diem rate will reimburse all approved services incurred in treating newborns with a diagnosis of Neonatal Abstinence Syndrome. The prospective bundled per diem NAS services rate covers all medically necessary costs, both direct and indirect, including the following:

   Direct

      • Nursing services salaries
      • Targeted Case Management salaries
      • Evaluation and Assessment salaries
      • Service Planning salaries
      • Supportive Counselling salaries
      • All non-physician EPSDT service salaries
Indirect

- Medical Director salaries
- Nursing Director salaries
- Pharmacy administration
- Non-clinical administration
- Treatment supplies

The NAS services all-inclusive bundled per diem rate does not include:

- Room and Board costs
- Physician Treatment services

b. The medically necessary allowable costs of Medicaid residents will be allocated to determine the per diem rate based on resident days.

4. RATE DETERMINATION

a. Interim Initial Rate

Each NAS services provider (meeting licensure and enrollment requirements) must file a projected fiscal year cost report to establish an interim initial projected bundled per diem rate. The cost report must contain the NAS services provider’s reasonable costs anticipated to be incurred in the initial fiscal year. Reasonable Costs are determined using NAS services providers submitted allowable services included in the bundled rate. Reasonable costs, as used in rate setting, is defined as those costs that are allowable under Medicaid cost principles, as required in 45 CFR 92.22(b) and the applicable OMB circular. Reasonable costs do not include non-allowable costs. The NAS services provider’s will be required to provide independent accounting validation for WV Medicaid’s questions pertaining to projected reasonable costs.

b. Established Initial First Year Per Diem Rate

After twelve months of continuous service, the NAS services provider must submit a cost report reflecting actual costs for the twelve months of operations. The rate established from the actual cost report data shall take the place of the projected interim initial rate. WV Medicaid will reconcile payments back to the beginning of the interim rate period applying the actual rate calculated from the full year of actual CMS approved cost report activity to determine reasonableness and may adjust the rate if necessary.
The NAS services provider will be required to provide independent accounting validation for WV Medicaid's questions pertaining to actual reasonable costs. The NAS services provider all-inclusive bundled per diem rate may also be benchmarked to comparative providers and services to demonstrate economy and efficiency before initial rate is approved. WV Bureau for Medical Services reserves the right to challenge costs deemed as unreasonable based upon comparative analysis. Provider is permitted to appeal disallowed costs, but solely if they claim costs expressly permitted in the approved cost report were disallowed.

c. **Prospective Payment Rate – Subsequent Years**

The first year established Initial rate will be the Prospective Payment Rate used in calculating future annual rate changes. Future Prospective Payment rate modifications would serve as the base amount for calculating subsequent years’ changes.

d. **Annual Rate Reviews**

At the Bureau’s discretion, NAS services provider may receive an annual rate adjustment based on the Medicare Economic Index. The Annual Rate Reviews will only apply to NAS service providers who have an Established Initial Rate. The annual rate adjustments, if implemented, will be effective January 1. The agency’s fee schedule rate for such services was set as of October 1, 2017, and is effective for services provided on or after that date. The schedule is updated annually. All rates are published on the agency’s website at [www.dhhr.wv.gov/bms](http://www.dhhr.wv.gov/bms).