



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Region 10
2201 Sixth Avenue, MS/RX-43
Seattle, Washington 98121

November 5, 2010

Richard Armstrong, Director
Department of Health and Welfare
Towers Building – Tenth Floor
Post Office Box 83720
Boise, Idaho 83720-0036

RE: Idaho State Plan Amendment 10-007

Dear Mr. Armstrong:

The Centers for Medicare & Medicaid Services (CMS) National Institutional Reimbursement Team (NIRT) recently approved Idaho State Plan Amendment (SPA) 10-007.

Although the NIRT Team has already sent the State a copy of the approval for this SPA, the Seattle Regional office is following up with an additional copy for the reason that we were in receipt of the original, signed amendment request.

Therefore, enclosed you will find a copy of the official CMS form 179, amended page(s), and copy of the approval letter from the NIRT Team for your records.

If you have any questions or require assistance concerning the Seattle Regional office role in the processing of this state plan amendment, please contact me, or have your staff contact Jan Mertel at (206) 615-2317 or jan.mertel@cms.hhs.gov.

Sincerely,

Barbara K. Richards
Associate Regional Administrator
Division of Medicaid and Children's Health
Operations

Enclosure

Cc: Leslie Clement, Administrator, Idaho Department of Health and Welfare

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

Richard Armstrong, Director
Department of Health & Welfare
Towers Building – Tenth Floor
PO Box 83720
Boise, Idaho 83720-0036

NOV 2 2010

RE: Idaho SPA TN# 10-007

Dear Mr. Armstrong,

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 10-007. This amendment freezes nursing facility (NF) rates for SFY 2011, and eliminates the efficiency incentive for NF indirect costs.

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. We are pleased to inform you that Medicaid State plan amendment 10-007 is approved effective as of July 3, 2010. For your files, we are enclosing the HCFA-179 transmittal form and the amended plan pages.

If you have any questions concerning this state plan amendment, please contact Tom Couch, CMS' Boise Outstation Office, at 208-334-9482 or Thomas.Couch@cms.hhs.gov .

Sincerely,

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

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:

2. STATE
IDAHO

10-007

FOR: HEALTH CARE FINANCING ADMINISTRATION

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, 2009 JULY 3 2010

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS 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 447.201

7. FEDERAL BUDGET IMPACT:
Total (\$) Federal Funds
FFY 2011 (\$1,172,196) FFY 2010(\$3,516,587)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-D. pages 1, 5, 20, 22, and 23

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Attachment 4.19-D. pages 1, 5, 20, 22, and 23

10. SUBJECT OF AMENDMENT:

We are requesting this amendment to our State Plan to freeze reimbursement rates to SFY 2010 level, no inflation adjustment, remove efficiency incentive payment, and clarify the special rate payment offset calculation.

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:

13. TYPED NAME:
Leslie M. Clement

Leslie M. Clement, Administrator
Idaho Department of Health and Welfare
Division of Medicaid
PO Box 83720
Boise ID 83720-0036

14. TITLE:
Administrator

15. DATE SUBMITTED: **7/30/10**

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: **AUGUST 4 2010**

18. DATE APPROVED: **NOV 02 2010**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
JUL 03 2010

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Barbara K. Richards

22. TITLE:
**Associate Regional Administrator
Division of Medicaid &
Children's Health**

23. REMARKS:

STATE PLAN FOR MEDICAID PROVIDER REIMBURSEMENT
Long Term Care Services

Nursing facility (NF) and intermediate care services for the mentally retarded (ICF/MR) are paid for Medicaid recipients by means of rates determined in accordance with the following principles, methods and standards which comply with 1902(a)(13)(A), 1902(a)(13)(B), 1902(a)(13)(C), 1913(b), and 1902(a)(30) of the Social Security Act and Federal Regulations at 42 CFR 447 Subpart C, 42 CFR 447.250 through .252, .253, .255, .256, .257, .272, and .280. Rate setting principles and methods for Nursing Facility care and ICF/MR care is contained in Idaho Statute 56-101 through 56-135 effective 7/1/2009.

NURSING FACILITY

I. Introduction

01. Rate setting principles and methods for Nursing Facility care is contained in Idaho Administrative Code 16.03.10.257-258 (effective 7/1/10) and 16.03.10.235-256 and 259.296 (effective 3/19/07).
 - Idaho's methodology is a cost-based prospective reimbursement system with an acuity adjustment for direct care costs. New rates are effective July 1st of each year and rebased annually.
 - In no case will the rate be set higher than the charge for like services to private pay patients in effect for the period for which payment is made as computed by the lower of costs or customary charges.
 - Reimbursement rates will be set based on projected cost data from cost reports and audit reports.
 - Reimbursement is to be set for freestanding and hospital-based facilities.
 - Rate adjustments are made quarterly based on each facility's case mix index as of a certain date during the preceding quarter. Reference section II.01 on page 2 of Attachment 4.19-D.
 - For the rate period of July 1, 2010, through June 30, 2011. Rates will be calculated using cost reports ended in calendar year 2009 with no allowance for inflation to the rate period of July 1, 2010, through June 30, 2011.
 - For the rate period of July 1, 2010, through June 30, 2011, the direct and indirect cost limits will be fixed at the cost limits established for the rate period July 1, 2009, through June 30, 2010.

02. Data Sources used by the Department of Health and Welfare, Division of Medicaid are the following:
 - a. Year end reports which contain historical financial and statistical information submitted by the facility for past rate-setting years.
 - b. Utilization and payment history report.
 - c. Medicare Cost report.

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XII. Special Rates. A special rate consists of a facility's daily reimbursement rate for a patient plus an add-on amount. Section 56-117 of Idaho Code (effective 7/1/09), provides authority for the Department to pay facilities an amount in addition to the daily rate when a patient has needs that are beyond the scope of facility services and when the cost of providing for those additional needs is not adequately reflected in the rates calculated pursuant to the principles found in Section 56-102 of Idaho Code (effective 7/1/09). This special rate add-on amount for such specialized care is in addition to any payments made in accordance with other provisions of this chapter and is excluded from the computation of payments or rates under other provisions of Section 56-102 of Idaho Code (effective 7/1/09).

01. **Determination.** The Department determines to approve a special rate on a patient-by-patient basis. No rate will be allowed if reimbursement for these needs is available from a non-Medicaid source. A special rate request must be based on an identified condition that will continue for a period greater than thirty (30) days.
02. **Effective Date.** Upon approval, a special rate is effective on the date the application was received.
03. **Reporting.** Costs equivalent to payments for special rate add-on amounts must be removed from the cost components subject to limits, and be reported separately by the provider.
04. **Limitation.** A special rate cannot exceed the provider's charges to other patients for similar services.

- b. The Department currently does not have a bid system in place. Equipment and non-therapy supplies not addressed in Section 225, of IDAPA 16.03.10, or adequately addressed in the current RUG system, such as CPAP/BIPAP machines, specialized mattresses, specialized beds, specialized wheelchairs, wound VACs, wound VAC supplies, and augmentative communication devices (ACDs), as determined by the Department, are reimbursed in accordance with IDAPA 16.03.09, "Medicaid Basic Plan Benefits." Section 755, as an add-on amount.
- c. Ventilator Dependent Residents and Residents Receiving Tracheostomy Care. The facility need not exceed the direct care limit to receive a special rate for ventilator care and Tracheostomy care. In the case of ventilator dependent and Tracheostomy residents, a two (2) step approach is taken to establish an add-on amount. The first step is the calculation of a staffing add-on for the cost, if any, of additional direct care staff required to meet the exceptional needs of these residents that is higher than the amount indicated on the resident's most recent Medicaid RUG score. The add-on is calculated following the provisions in Section XII.05.d, adjusted for the appropriate skill level of care staff. The second step is the calculation of an add-on for equipment and non-therapy supplies following the provision in Subsection 16.03.10.270.06 of IDAPA rule. The combined amount of these two (2) components is considered the special add-on amount to the facility's rate for approved residents receiving this care.
- d. Residents Not Residing in a Special Care Unit Requiring one-to-one Staffing Ratios. Facilities may at times have residents who require unusual levels of staffing, such as one-to-one staffing ratios to meet the exceptional needs of that resident. If the staffing level is higher than the amount indicated on the resident's most recent Medicaid RUG score, the facility may request a special rate. If the resident qualifies for a special rate for additional direct care staff required to meet the exceptional needs of that resident, an hourly add-on rate is computed for reimbursement of approved one-to-one (1 to 1) hours in excess of the minimum staffing requirements in effect for the period. The hourly add-on rate is equal to the current Weighted Average Hourly Rate (WAHR) Certified Nursing Assistant (CNA) wage rate plus a benefits allowance based on annual cost report data, then weighted to remove the CNA Minimum daily staffing time.

06. **Treatment of the Special Rate Cost for Future Rate Setting Periods.** Special rates are established on a prospective basis similar to the overall facility rate. When the cost report used to set a prospective rate contains non-unit special rate cost, an adjustment is made to “offset,” or reduce costs by an amount equal to total “grossed up” incremental revenues, or add-on payments received by the provider during the cost reporting period. The amount received is calculated by multiplying the special rate add-on amount paid for each qualifying resident by the number of days that were paid. This calculated Medicaid amount will be “grossed up” by dividing the Medicaid incremental revenue by Medicaid days and multiplying the result by total patient days. No related adjustment is made to the facility's CMIs.