

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**

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Toby Douglas  
Director of Health Care Services  
California Department of Health Care Services  
P.O. Box 997413, MS 0000  
Sacramento, CA 95899-7413

APR 15 2011

RE: California State Plan Amendment TN: 07-004

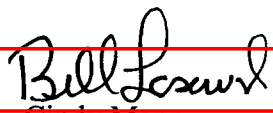
Dear Mr. Douglas:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 07-004. This amendment provides for supplemental payments to intermediate care facilities for the mentally retarded (ICF/MRs) for their cost incurred for providing day treatment services, including non-medical transportation to and from such treatment, to its residents, effective for services on and after July 1, 2007.

We conducted our review of your submittal according to the statutory requirements at sections 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 are pleased to inform you that Medicaid State plan amendment 07-004 is approved effective July 1, 2007. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

  
Cindy Mann  
Director, CMCS

Enclosures

**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:  
07-004

2. STATE  
CA

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

4. PROPOSED EFFECTIVE DATE  
July 1, 2007

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 447.250 through 447.272

7. FEDERAL BUDGET IMPACT:

a. FFY 2006-2007 \$ 11.6 million  
b. FFY 2007-2008 \$ 60.1 million  
c. FFY 2008-2009 \$ 68.1 million  
d. FFY 2009-2010 \$ 67.6 million

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Attachment 4.19-D, Adding Pages 23 thru 25

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

10. SUBJECT OF AMENDMENT:

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's Office does not  
wish to review the State Plan Amendment.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:

13. TYPED NAME:

Toby Douglas

14. TITLE:

Director

15. DATE SUBMITTED:

3/11/11

Department of Health Care Services  
Attn: State Plan Coordinator  
1501 Capitol Avenue, Suite 71.3.26  
P.O. Box 997417  
Sacramento, CA 95899-7417

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:

04-15-11

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
JUL - 1 2007

PLAN APPROVED - ONE COPY ATTACHED

20. SIGNATURE OF REGIONAL OFFICIAL:

William Lasowski

21. TYPED NAME:

William Lasowski

22. TITLE:

Deputy Director, CMCS

23. REMARKS:

IX. ICF/DD DAY TREATMENT SUPPLEMENTAL REIMBURSEMENT PROGRAM

A. Overview

This program provides supplemental reimbursement for the costs of day treatment, including non-medical transportation costs to and from such treatment, provided to Medi-Cal beneficiaries who are residents of Intermediate Care Facilities/Developmentally Disabled (ICF/DDs), excluding those that are operated by the State of California as Developmental Centers. ICF/DDs include ICF/DD-Habilitative facilities and ICF/DD-Nursing facilities.

The California Department of Developmental Services (CDDS) will provide supplemental reimbursement to ICF/DDs for day treatment, including non-medical transportation to and from such treatment. ICF/DD residents receive these services pursuant to the Lanterman Developmental Disabilities Services Act.

B. Definitions

For purposes of this Section IX, the following definitions shall apply.

1. "Day Treatment" means the authorized participation of Medi-Cal beneficiaries who are residents of ICF/DDs in a program that provides social, habilitative, adaptive, recreational, developmental, or learning services to individuals on an hourly or daily basis, but less than on a 24-hour basis.
2. "Authorized participation" in the day treatment program means that the program, and non-medical transportation to the program, is included in the resident's individualized needs assessment and individual program plan developed by the resident's person-centered planning team together with the resident or his or her representative pursuant to California Welfare and Institutions Code sections 4646 and 4646.5. The person-centered planning team will periodically review such participation for continuing appropriateness.
3. "Non-medical transportation" means the transport of Medi-Cal beneficiaries who are residents of ICF/DDs between their authorized participation in the day treatment program and the ICF/DDs.
4. "Person-centered" refers to the individual program plan and provision of services and support by the Regional Center system that focuses on the individual and the family of the individual with developmental disabilities and takes into account the needs and preferences of the

TN 07-004  
Supersedes  
TN None

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individual and the family, where appropriate, as well as promoting community integration, independent, productive, and normal lives, and stable and healthy environments.

5. "Department of Health Care Services" (DHCS) refers to the department formerly known as the Department of Health Services (DHS), and referred to as such in other chapters of this state plan, and whose name was officially changed on July 1, 2007.

### C. Supplemental Reimbursement Methodology

Calculation and payment of the supplemental reimbursement for this program will be as follows:

1. An ICF/DD, or the Regional Center acting on its behalf, shall bill CDDS for the ICF/DD's costs of an ICF/DD resident's authorized participation in a day treatment program, including non-medical transportation to such treatment program. The bill shall not exceed:

(1) the allowable direct costs of providing the day treatment and non-medical transportation, equal to the amount that would be paid by a Regional Center to subcontracting providers for such services, plus

(2) a 1.5% add-on to the amount in (1) above to account for the regional center's administrative costs in making disbursements on behalf of the ICF/DD provider for these services, plus

(3) a 1.5% add-on to the resulting amount in (1 and 2) above to account for the ICF/DD's administrative costs in the provision of these services, plus

(4) an amount equal to the California ICF/DD quality assurance fee percentage, in effect for the applicable period, times the sum of items (1) through (3) above. This provides reimbursement for the Medicaid service portion of the quality assurance fee paid relative to the reimbursements received for the provision of the day treatment and non-medical transportation services and related administrative fees. This amount will be reimbursed on a per-claim basis in conjunction with the reimbursement for items (1) through (3).

Items (1) and (2) above represent the amount payable by an ICF/DD to a Regional Center when the ICF/DD contracts in accordance with State law with a Regional Center to provide the authorized day treatment program services, including non-medical transportation to such treatment programs, to its residents.

TN 07-004  
Supersedes  
TN None

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2. The costs reimbursed through this supplemental payment shall not be included in the calculation of the routine per-diem rate provided to ICF/DDs.
3. On a monthly basis, CDDS shall reimburse an ICF/DD for the cost of the day treatment and non-medical transportation provided to its residents, as defined in paragraph C.1 above.
4. On monthly basis, CDDS will submit documentation to DHCS reflecting the amounts paid to the ICF/DDs for the costs incurred in paying for day treatment and non-medical transportation to residents of ICF/DDs.

**D. DHCS's Responsibilities**

DHCS's responsibilities to ensure the proper administration of this supplemental reimbursement program are as follows:

1. DHCS will submit claims for federal financial participation based on expenditures reported by CDDS pursuant to paragraph C for payments to the ICF/DDs for the costs of providing day treatment and non-medical transportation, as defined in paragraph C.1 above.
2. DHCS will submit any necessary documentation to the federal government to provide assurances that claims for federal financial participation will include only those expenditures that are allowable under federal law and do not exceed the costs of providing the service components.
3. DHCS will ensure that it does not include the costs reimbursed through the supplemental payment for day treatment and transportation in the calculation of the routine per-diem rate payable to ICF/DDs.

**E. CDDS' Responsibilities**

CDDS' responsibilities to ensure the proper administration of this supplemental reimbursement program are as follows:

1. CDDS is responsible for making the supplemental payments to the ICF/DDs and for ensuring that its payments to the ICF/DDs comply with the requirements of paragraph C.