

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 and CHIP Services**

---

OCT 27 2011

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

Dear Mr. Douglas:

Enclosed is an approved copy of California State plan amendment (SPA) 09-020. This amendment provides that, effective August 1, 2009, the weighted average Medi-Cal rate for freestanding skilled nursing facilities level-B and freestanding subacute skilled nursing facilities level-B for the 2009-2010 and 2010-2011 rate years shall not be increased with respect to the weighted average Medi-Cal rate for the 2008-2009 rate year.

We conducted our review of your submittal with particular attention to the statutory requirements at sections 1902(a)(13) and 1902(a)(30) of the Social Security Act (Act). Because I find that this amendment complies with applicable requirements, Medicaid State plan amendment 09-020 is approved effective August 1, 2009. We are enclosing the HCFA-179 and the amended plan pages.

As part of the analysis of this amendment, the State was able to provide metrics which adequately demonstrated beneficiary access in accordance with section 1902(a)(30)(A) of the Act. In general, these metrics included data which provided:

- Total number of providers by type and geographic location and participating Medi-Cal providers by type and geographic area
- Total number of Medi-Cal beneficiaries by eligibility type
- Utilization of services by eligibility type over time
- Analysis of benchmark service utilization where available

Data concerning these metrics were submitted for State Fiscal Years (SFY) 2008, 2009 and 2010 and analyzed via the review process for SPA 09-020. These metrics demonstrated a baseline level of beneficiary access that we find is consistent with the requirements of section 1902(a)(30)(A) of the Act. As well as determining beneficiary access for SFYs 2009 and 2010, the State also submitted a monitoring plan as part of SPA 08-009B1 (also approved today) that would apply to the services at issue in this SPA by which beneficiary access will be monitored on a service-by-service basis. The State will monitor predetermined metrics on a quarterly or annual basis in order to ensure that beneficiary access is comparable to services available to the general population in the geographic area.

**Page 2 – Mr. Douglas**

**In light of the data CMS reviewed, the monitoring plan, and our consideration of stakeholder input, we determined that the above mentioned amendment complies with section 1902(a)(30)(A) of the Act.**

**If you have any questions, please have your staff contact Mark Wong at (415) 744-3561.**

**Sincerely,**



**Cindy Mann  
Director**

**Enclosures**

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 09-020	2. STATE CA
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 August 1, 2009	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 Subpart B Subpart C		7. FEDERAL BUDGET IMPACT: a. FFY 2009 <del>019,400,000</del> \$(20,698,811) b. FFY 2010 <del>017,400,000</del> \$(145,926,616)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Supplement 4 to Attachment 4.19-D page 16		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Supplement 4 to Attachment 4.19-D page 16	
10. SUBJECT OF AMENDMENT: Freestanding Skilled Nursing Facilities Reimbursement Rate (AB 1629)			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: The Governor's Office does not wish to review the State Plan Amendment.			
12. SIGNATURE OF STATE AGENCY OFFICIAL: [Redacted] Toby Douglas		16. RETURN TO: Department of Health Care Services Attn: State Plan Coordinator 1501 Capitol Avenue, Suite 71.3.26 P.O. Box 997417 Sacramento, CA 95899-7417	
14. TITLE: Chief Deputy Director		15. DATE SUBMITTED:	
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: OCT 27 2011	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: AUG - 1 2009		20. SIGNATURE OF REGIONAL OFFICIAL: [Redacted]	
21. TYPED NAME: CINDY MANN		22. TITLE: DIRECTOR, CMCS	
23. REMARKS: Pen-and-ink change made to Boxes 6 and 7 by Regional Office with State concurrence.			

- G. The percentiles in labor costs, indirect care non-labor costs, and administrative costs will be based on annualized costs divided by total resident days and computed on a geographic peer-group basis.

#### **VI. Limitations on the Medi-Cal Facility-Specific Reimbursement Rate Calculation**

In addition to limitations described in Section V.C.4.e. of this Supplement (FRVS reimbursement limitations), the aggregate facility-specific Medi-Cal payments calculated in accordance with the methodology set forth in Section V of this Supplement will be limited by the following:

- A. For the 2005/06 rate year, the maximum annual increase in the weighted average Medi-Cal reimbursement rate will not exceed eight percent of the weighted average reimbursement rate for the 2004/05 rate year, as adjusted for the change in the cost to the FS/NF-B to comply with the skilled nursing facility quality assurance fee for the 2005/06 rate year, plus the total projected FS/NF-B Medi-Cal cost of complying with new state or federal mandates.
- B. For the 2006/07 rate year, the maximum annual increase in the weighted average Medi-Cal reimbursement rate will not exceed five percent of the weighted average Medi-Cal rate for the 2005/06 rate year, as adjusted for the projected FS/NF-B Medi-Cal cost of complying with new state or federal mandates.
- C. For the 2007/08 and 2008/09 rate years, the maximum annual increase in the weighted average Medi-Cal reimbursement rate will not exceed 5.5 percent of the weighted average Medi-Cal rate for the 2006/07 rate year, as adjusted for the projected FS/NF-B Medi-Cal cost of complying with new state or federal mandates.
- D. For the 2009/10 and 2010/11 rate years, the maximum annual increase in the weighted average Medi-Cal reimbursement rate will not be increased over the weighted average Medi-Cal rate for the 2008-09 rate year, as adjusted for the projected FS/NF-B Medi-Cal cost of complying with new state or federal mandates. Payment reductions will be monitored in accordance with the monitoring plan at Attachment 4.19-F, entitled "Monitoring Access to Medi-Cal Covered Healthcare Services.
- E. To the extent that the prospective facility-specific reimbursement rates are projected to exceed the adjusted limits calculated pursuant to VI.A, VI.B., VI.C., and VI. D of this Supplement, the Department will adjust the increase to each FS/NF-B's projected reimbursement rate for the applicable rate year by an equal percentage.

TN 09-020  
Supersedes  
TN 08-010

Approval Date                      **OCT 27 2011** Effective Date August 1, 2009