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State/Territory Name: Hawaii

State Plan Amendment (SPA)#: 12-002

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



FEB 25 2013

Patricia McManaman, Director
Department of Human Services
P.O. Box 339
Honolulu, Hawaii 96809

RE: Hawaii State Plan Amendment TN: 12-002

Dear Ms. McManaman:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 12-002. This amendment allows for the re-calculation of the prospective payment system reimbursement rate for non-governmental nursing facilities to reflect the newly mandated nursing facility sustainability fee, effective July 1, 2012.

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 12-002 is approved effective July 1, 2012. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Annalisa Fichera at (415) 744-3577.

Sincerely,

A large black rectangular redaction box covers the signature of the sender.

Cindy Mann
Director

Enclosures

bcc: Tim Weidler, NIRT, CMS (email)
Gloria Nagle, Region 9 DMCHO ARA, CMS (email)
Eddie Martin Region 9 DMCHO, CMS (email)
Henrietta Sam-Louie, Region 9 DMCHO, CMS (email)
Mark Wong, Region 9 DMCHO, CMS (email)
Christopher Thompson, DRSF, CO
Andrew Badaracco, DRSF, CO
Jeanie Chan, NIPT, FMB, Region 9

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 12-002	2. STATE HAWAII
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) MEDICAL ASSISTANCE	
FOR: HEALTH CARE FINANCING ADMINISTRATION	4. PROPOSED EFFECTIVE DATE July 1, 2012	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		

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 447.252	7. FEDERAL BUDGET IMPACT: a. FFY 2012 \$2,661,147 \$1,004 b. FFY 2013 \$6,201,688 \$3,024
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19 - D, page 6 and 38	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19 - D, page 6 and 38

10. SUBJECT OF AMENDMENT:
Allow for the re-calculation of the Prospective Payment System reimbursement rate for non-governmental nursing facilities.

11. GOVERNOR'S REVIEW (Check One):

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

12. SIGNATURE OF STATE AGENCY OFFICIAL: [Redacted]	16. RETURN TO: Med-QUEST Division Program & Policy Development Office P. O. Box 700190 Kapolei, Hawaii 96709-0190
13. TYPED NAME: Patricia McManaman	
14. TITLE: Interim Director	
15. DATE SUBMITTED: 7/24/2012	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: FEB 25 2013
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2012	20. SIGNATURE OF REGIONAL OFFICIAL: [Redacted]
21. TYPED NAME: Penny Thompson	22. TITLE: Deputy Director CHCS

23. REMARKS:
Pen-and-ink changes made to Box 7 per State request

- FF. "Level A Rate" means the PPS Rate for care delivered by a Provider to an Acuity Level A Resident in a Nursing Facility.
- GG. "Level B Rate" means the PPS Rate for care delivered by a Provider to an Acuity Level B Resident in an ICF/MR.
- HH. "Level C Rate" means the PPS Rate for care delivered by a Provider to an Acuity Level C Resident in a Nursing Facility.
- II. "Level D Rate" means the PPS rate for care delivered by a Provider to an Acuity Level D Resident in a Nursing Facility.
- JJ. "Maintenance Therapy" means therapy provided by nursing staff or others whose purpose is not restorative or rehabilitative, but rather to prevent the decline in the physical capabilities of Patients. Maintenance Therapy does not include physical therapy services that are reimbursed outside of the Basic PPS Rates.
- KK. "Medicaid" means the program to provide certain medical services to eligible individuals as defined generally in Title XIX of the Social Security Act, as amended from time to time.
- LL. "New Beds" means beds of a Provider that were placed into service after the implementation of the Hawaii Medicaid program's initial prospective payment system.
- MM. "New Provider" means a Provider that began operations after the implementation of the Hawaii Medicaid program's initial prospective payment system.
- NN. "NF Sustainability Fee" means the fee imposed on a resident day basis pursuant to Session Laws of Hawaii 2012 for non-governmental providers of nursing facilities.
- OO. "Nursing Facility" or "NF" means a Provider that is certified as a nursing facility under Medicaid.
- PP. "OBRA 87" means the Omnibus Budget Reconciliation Act of 1987, P.L. 100-203, and its interpretive guidelines and implementing regulations.

FEB 25 2013

TN No.	<u>12-002</u>		
Supersedes		Approval Date:	Effective Date: <u>07/01/2012</u>
TN No.	<u>05-010</u>		

- E. Each Provider shall keep financial and statistical records of the cost reporting year for at least six years after submitting the cost report form to the Department and shall make such records available upon request to authorized state or federal representatives.

XI. ACUITY BASED REIMBURSEMENT SYSTEM

- A. Beginning with the effective date of these rules, the Department will implement a transition from PPS to an acuity based reimbursement system. The phased approach was implemented on July 1, 2008.
- B. The rate methodology uses a price-based system with the following parameters:
1. For the direct care rate component, the component price is set at one hundred ten per cent of the day-weighted median. The rate that is calculated is subject to a case mix adjustment based upon the change on each facility's overall case mix.
 2. For the administrative and general rate component, the component price is set at one hundred three per cent of the day-weighted median. The rate is not subject to a case mix adjustment.
 3. For the capital rate component, the component price is at the day-weighted median. The rate is not subject to a case mix adjustment.
 4. The gross excise taxes paid to the State of Hawaii (General Excise Tax) is treated as a pass-through for non-governmental providers of nursing facilities.
 5. The Medicaid share of the NF Sustainability Fee is treated as a pass-through for non-governmental providers of nursing facilities.

The rate setting parameters will remain constant for all future rate setting periods. The prices calculated for direct care, administrative and general, and capital will reflect prices that relate to the rate period beginning July 1, 2002 and ending June 30, 2003. The component prices will be updated for each subsequent rate period by the inflation adjustment for each period, provided that no inflation adjustment shall be applied in determining component prices for the 4th quarter of FFY 2011 and the 1st, 2nd and 3rd quarter of FFY 2012.

- C. Effective for rate periods starting September 1, 2003 and July 1, 2004, the annual cost increases shall be determined as follows:
1. Calculate the blended Acuity A and Acuity C rates for all eligible NF facilities using the inflation adjustment.

FEB 25 2013

TN No.	<u>12-002</u>	Approval Date:	Effective Date:	<u>07/01/2012</u>
Supersedes				
TN No.	<u>11-006A</u>			