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

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

Center for Medicaid, CHIP, and Survey & Certification

Mr. Don Gregory, Director
Bureau of Health Services Financing
Department of Health and Hospitals
Post Office Box 91030
Baton Rouge, Louisiana 70821-9030

FEB - 2 2011

Attention: Sandra Victor

RE: Louisiana 10-76

Dear Mr. Gregory:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 10-76. The purpose of this amendment is to establish a transitional reimbursement methodology for nursing facilities transitioning from a state owned or operated nursing facility to a private nursing facility in compliance with Act 933 0f the 2010 Regular Session of the Louisiana Legislature.

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. As part of the review process the State was asked to provide information regarding access to care issues and the funding of the State share of expenditures under Attachment 4.19-D. Based upon your assurances, Medicaid State plan amendment 10-76 is approved effective April 1, 2011. We are enclosing the HCFA-179 and the new plan pages.

If you have any questions, please call Sandra Dasheiff, CPA at (214) 767-6490.

Sincerely,

[redacted]

Cindy Mann
Director, CMCS

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: **10-76**

2. STATE: **Louisiana**

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
April 1, 2011

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, Subpart C

7. FEDERAL BUDGET IMPACT: *
a. FFY **2011** ($50,999) ~~$97.52~~
b. FFY **2012** ($333,239) ~~$373.21~~

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-D, Page 9 h.2.e-g

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
None (New Pages)

10. SUBJECT OF AMENDMENT: **The purpose of this amendment is to establish a transitional reimbursement methodology for nursing facilities transitioning from a state owned or operated nursing facility to a private nursing facility in compliance with Act 933 of the 2010 Regular Session of the Louisiana Legislature.**

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 does not review state plan material.

[redacted]

13. TYPED NAME:
Bruce D. Greenstein

14. TITLE:
Secretary

15. DATE SUBMITTED:
December 3, 2010

16. RETURN TO:
State of Louisiana
Department of Health and Hospitals
628 N. 4th Street
PO Box 91030
Baton Rouge, LA 70821-9030

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 12-3-10

18. DATE APPROVED: 02-02-11

PLAN APPROVED – ONE C[redacted]

19. EFFECTIVE DATE OF APPROVED MATERIAL:
APR - 1 2011

20. [redacted]

21. TYPED NAME:
William Lasowski

22. TITLE:
Deputy Director, CMCS

23. REMARKS:

FORM HCFA-179 (07-92)

* Pen and ink change requested by Allyson Lamy, Medicaid Program Manager on January 13, 2011.

10. Transition of a State-Owned or Operated Nursing Facility to a Private Nursing Facility through a Change of Ownership

A state owned or operated nursing facility that changes ownership (CHOW) in order to transition to a private nursing facility will be exempt from the case-mix direct care and care-related spending floor for a period of 12 months following the effective date of the CHOW under the following conditions. The state-owned or operated facility is located in the DHH administrative region 1; and the change of ownership is the result of a leasing arrangement.

a. **Cost Reports** – The previous owner of the nursing facility must file a closing cost report within 60 days of the CHOW for the time period that spans from the beginning of the facility's cost report period to the date of the CHOW. The closing and initial cost reports must be filed in accordance with cost report provisions in section I.A. , including the filing of all Medicaid supplemental schedules.

b. **Capital Data Survey** – A capital data survey must be filed with the Department within 60 days of the effective date of the CHOW. The initial cost report period following the CHOW will be determined based on the elected fiscal year end of the new facility. The capital data survey must include the nursing facility's date of construction, current square footage, and all renovations made since the facility's opening.

c. **Rate Determination** – During the transition period (12 months following the effective date of the change of ownership), the Medicaid reimbursement rate for the transitioned nursing facility shall be reimbursed as follows:

i. The per diem rate shall be the per diem rate on file as of March 19, 2010 for the state-owned or operated facility.

ii. The transitioned nursing facility will be transferred to the case-mix reimbursement system at the end of the 12 month transition period.

iii. The Medicaid reimbursement rate and direct care/care-related floor shall be calculated in accordance with the rate determination provisions of section I.C.2

(1) The direct care/care-related floor will be effective on the date of transition to the case mix reimbursement system.

(2) For purposes of this initial floor calculation, direct care and care-related spending will be determined by apportioning cost report period costs based on calendar days.

iv. Under the case mix reimbursement methodology, the facility will file cost reports in accordance with the cost report provisions in section I.A., including all Medicaid supplemental schedules. If the nursing facility's cost report period overlaps the date of transition to the case mix reimbursement methodology, the case mix direct care and care-related floor will only be applied to the portion of the cost report period that occurs after the date of transition to case mix.

v. Until the nursing facility has an audited or desk reviewed cost report that is available for use in a case mix rebase in accordance with the rate determination provisions of section I.C.2.a., the case mix reimbursement rate components will be based on the following criteria except as noted in section vi. below.

(1) The facility's acuity as determined from its specific case mix index report for the quarter prior to the effective date of the rate.

(2) The direct care and care-related statewide median prices in effect for that period. The statewide direct care and care related price shall be apportioned between the per diem direct care component and the per diem care related component using the nursing facility's most recent non-disclaimed audited or desk reviewed cost report. The facility-specific percentages will be determined using the methodology described in I.C.2.c.i.(3).

(3) The administrative and operating statewide median prices in effect for that period.

(4) The capital data for the fair rental value rate component will be calculated from the facility-submitted capital data survey and the occupancy percentage from the most recent non-disclaimed audited or desk reviewed cost report as of the effective date of the rate.

(5) The facility's property insurance cost will be calculated from the most recent non-disclaimed audited or desk reviewed cost report as of the rate effective date.

(6) The property tax cost will be collected in the form of an interim property tax report specified by the Department. The interim property tax report must be filed within 30 days after the beginning of the nursing facility's cost reporting period. Failure to provide the interim property tax report within the specified time frame will result in a zero dollar reimbursement rate for the property tax rate component. The facility must continue to file an interim property tax report until the facility is able to produce a non-disclaimed audited or desk reviewed cost report that contains property tax cost.

(7) Provider fee and budget adjustments in effect for all other case mix facilities will be applicable.

vi. A disclaimed cost report that would otherwise be used in a rebase will result in a rate calculated in accordance with the New facilities and change of ownership provisions

of section I.B. and the provisions contained in above sections iii. and iv. will no longer be applicable.

vii. If additional data is needed, the Department may request that the facility submit Medicaid supplemental cost report schedules for those cost report period year ends for which the facility has not previously submitted Medicaid supplemental schedules.

d. **Subsequent CHOW** – If there is a subsequent CHOW which results in the nursing facility reverting to a state-owned or operated facility, then the reimbursement methodology for a state-owned or operated nursing facility will be reinstated following the effective date of the CHOW and all other provisions of this section will no longer be applicable.