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State Name: Maryland

State Plan Amendment (SPA)#: 16-0006

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) One (1) SPA Page

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



Financial Management Group

OCT 17 2016

Ms. Shannon McMahon, Deputy Secretary
Department of Health and Mental Hygiene
201 W. Preston Street
Baltimore, Maryland 21201

RE: State Plan Amendment 16-0006

Dear Ms. McMahon:

We have completed our review of State Plan Amendment (SPA) 16-0006. This SPA modifies Attachment 4.19-D of Maryland's Title XIX State Plan. Specifically, the SPA increases nursing facility rates for SFY 2017, by adjusting reduction factors applied to certain cost centers.

We conducted our review of this SPA according to the statutory requirements at sections 1902(a)(3), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving state plan amendment 16-0006 effective July 1, 2016. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, or require additional information, please call Gary Knight at (304) 347-5723.

Sincerely,

/S/

Kristin Fan
Director

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 16-0006	2. STATE Maryland
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE July 1, 2016	
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: N/A		7. FEDERAL BUDGET IMPACT: a. FFY 2016: \$ 5,204 b. FFY 2017: \$15,611	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: 4.19D p. 1A		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): 4.19D p. 1A	
10. SUBJECT OF AMENDMENT: This amendment is being submitted to reflect changes in State regulations related to reimbursement for nursing facility services.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Susan J. Tucker, Executive Director <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Office of Health Services			
12. SIGNATURE OF STATE AGENCY OFFICIAL: /S/			
13. TYPED NAME: Shannon M. McMahon			
14. TITLE: Deputy Secretary, Department of Health and Mental Hygiene			
15. DATE SUBMITTED:			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED: OCT 17 2016	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2016		20. SIGNATURE OF REGIONAL OFFICIAL: /S/	
21. TYPED NAME: Kristin FAN		22. TITLE: Director, FMCA	
23. REMARKS:			

A provider that renders care to Maryland Medicaid recipients of less than 1,000 days of care during the provider's fiscal year may opt out of cost reporting requirements. To opt out, the provider must agree to accept as payment the average Medicaid payment for each day of care based on their geographic location as specified under COMAR 10.09.10.24A (which is appended to this attachment). Any provider choosing this option is exempt from the subsequent nursing cost center wage survey.

Nursing facilities that are owned and operated by the State are not paid in accordance with these provisions. These facilities are reimbursed reasonable costs based upon Medicare principles of reasonable cost as described at 42 CFR 413. Aggregate payments for these facilities may not exceed Medicare upper payment limits as specified at 42 CFR 447.272.

Unless otherwise defined, indexing noted under the Prospective Reimbursement Methodology refer to the latest Skilled Nursing Home without Capital Market Basket Index, published 2 months before the period for which rates are being calculated.

Provider rates shall be reduced by the following percentages from the methodology herein: July 1, 2015 through December 31, 2015 by 1.96 percent; January 1, 2016 through June 30, 2016 by 3.28 percent; July 1, 2016 through December 31, 2016 by 6.076 percent; January 1, 2017 through July 1, 2017 by 8.212 percent. Rate adjustments based on nursing service costs and phase-in apply during these periods.

Prospective Reimbursement Methodology

The State initially establishes prices for each cost center for the rate period January 1, 2015, through June 30, 2015, and rebases prices between every two and four rate years. Prices may be rebased more frequently if the State determines that there is an error in the data or in the calculation that results in a substantial difference in payment, or if a significant change in provider behavior or costs has resulted in payment that is inequitable across providers. In years in which prices are not rebased, prices are subject to annual indexing.

Prospective Administrative/Routine Costs

The Administrative/Routine cost center includes the following expenses: administrative, medical records, training, dietary, laundry, housekeeping, operation and maintenance, and capitalized organization and start-up costs. There are 4 reimbursement groups in this cost center based on geographic location, as specified under COMAR 10.09.10.24A (which is appended to this attachment).

The State establishes a price for each reimbursement group. The price is the median cost per diem of all facilities in the group multiplied by 1.025. The price is based on the most recent Nursing Home Uniform Cost Report submitted by each nursing facility, indexed by the market basket, divided by the greater of total resident days or days at full occupancy times an occupancy standard calculated as the statewide average occupancy, not including providers with occupancy waivers, plus 1.5 percent.

Providers that maintain kosher kitchens and have administrative and routine costs in excess of the price that are attributable to dietary expense, shall receive an add-on to its per diem payments in an amount up to 15 percent of the median per diem cost for dietary expense in its reimbursement group.

TN # 16-0006 Approval Date OCT 17 2016 Effective Date JUL 01 2016
Supersedes TN # 15-0015