

Table of Contents

State/Territory Name: Mississippi

State Plan Amendment (SPA) #:16-0011

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

Financial Management Group

MAY 10 2016

David J. Dzielak PH.D.
Executive Director
Mississippi Division of Medicaid
Walter Sillers Building
550 High Street, Suite 1000
Jackson, Mississippi 39201

Re: Mississippi State Plan Amendment 16-0011

Dear Dr. Dzielak:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number 16-0011. Effective January 1, 2016 this amendment proposes to add clarifying language regarding properly reimbursement calculations for the following facilities: Alzheimer's Units, Nursing Facilities for the Severely Disabled (NFSDs), Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IIDs) and Psychiatric Residential Treatment Facilities (PRTFs). This amendment does not change the reimbursement methodology but adds language clarification for consistency purposes.

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 Part 447. We have found that the proposed reimbursement methodology complies with applicable requirements and therefore have approved them with an effective date of January 1, 2016. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Anna Dubois at (850) 878-0916.

Sincerely,

//s//

Kristin Fan

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|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-----------------------|
| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL | 1. TRANSMITTAL NUMBER: 16-0011 | 2. STATE MS |
| FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) | |
| TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES | 4. PROPOSED EFFECTIVE DATE 01/01/2016 | |

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 Part 447. | 7. FEDERAL BUDGET IMPACT: FY 2016: \$0.00 FY 2017: \$0.00 |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D, Pages 109, 122, and 132 | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-D, Pages 109, 122, and 132 |

10. SUBJECT OF AMENDMENT:

State Plan Amendment (SPA) 16-0011 Long-Term Care (LTC) Reimbursement is being submitted to add clarification language regarding property reimbursement calculations for the following facilities: Alzheimer's Units, Nursing Facilities for the Severely Disabled (NFSDs), Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IIDs) and Psychiatric Residential Treatment Facilities (PRTFs) effective January 1, 2016. SPA 16-0011 does not change the reimbursement methodology but adds language clarification for consistency purposes.

11. GOVERNOR'S REVIEW (*Check One*):

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

| | |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12. SIGNATURE OF STATE AGENCY OFFICIAL: /s/ | 16. RETURN TO: David J. Dzielak Miss. Division of Medicaid Attn: Margaret Wilson 550 High Street, Suite 1000 Jackson, MS 39201-1399 |
| 13. TYPED NAME: David J. Dzielak | |
| 14. TITLE: Executive Director | |
| 15. DATE SUBMITTED: 03/31/2016 | |

FOR REGIONAL OFFICE USE ONLY

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|-----------------------------|-----------------------------|
| 17. DATE RECEIVED: 03/31/16 | 18. DATE APPROVED: 05/10/16 |
|-----------------------------|-----------------------------|

PLAN APPROVED – ONE COPY ATTACHED

| | |
|------------------------------------------------------|----------------------------------------------|
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: 01/01/16 | 20. SIGNATURE OF REGIONAL OFFICIAL: //s// |
| 21. TYPED NAME: Kristin Fan | 22. TITLE: Director, FMG |

23. REMARKS:

State of Mississippi

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER
TYPES OF CARE**

- a. State-wide new bed value
- b. Medicaid certified beds at the start of the rate period
- c. Facility average age, not to exceed 28.5714 years
- d. Accumulated depreciation, accumulating at a rate of 1.75% annually, not to exceed 50%
- e. Rental factor of 5.35% with an added risk factor of 2%
- f. Annualized patient days, at no less than 80% occupancy

The new bed value minus the accumulated depreciation multiplied by total beds determines the facility value. The value times the rental factor divided by days equals the fair rental per diem. The parameters and calculations are further described below.

2. Each year a state-wide new bed value is determined. The new bed value for 2015 is \$91,200. Therefore, a new facility constructed during 2015 will have a per bed value of \$91,200 for the 2015 rental payment. The value of new construction will be indexed each year using the RS Means Construction Cost Index estimate for Jackson, MS. The new bed value will be indexed each year to January 1 of the payment year. For example, in computing the rates for the year January 1, 2016 through December 31, 2016, the 2015 new bed value will be adjusted to the January 1, 2016 value using the estimated index. For licensed Alzheimer's units, new beds constructed on January 1, 2015 are assumed to have an additional value of \$33,926.40, which is 37.20% of the nursing facility bed value. Each year, the January 1 new bed value adjustment for beds in licensed Alzheimer's units will be determined by multiplying the nursing facility new bed value by 37.20%, to account for the additional construction costs required to be licensed as an Alzheimer's unit. For NFSDs, a new facility constructed on January 1, 2015 is assumed to have a per bed value of \$159,600, which is 175 percent of the nursing facility bed value. Each year, the January 1 new bed value for the NFSD class will be determined by multiplying the nursing facility new bed value by 175%.

The new bed value for Mississippi has been rebased effective January 1, 2015. The previous new bed values apply for rate setting periods prior to January 1, 2015. For transition purposes, \$91,200 will be used for determining if 2013 and 2014 capitalized assets and renovation costs will be converted into new beds. The list of historical new bed value indices is included in 9.

State of Mississippi

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER
TYPES OF CARE**

ceiling, then its rate is its trended cost plus fifty percent (50%) of the difference between the trended cost or the median, whichever is greater, and the ceiling.

B. Property Payment. A per diem payment will be made for property costs based on a fair rental system. The amount of the payment is determined as follows:

1. A new facility constructed on January 1, 2015 is assumed to have a per bed value of \$109,440, which is 120 percent of the nursing facility bed value. Each year, the January 1 new bed value for the ICF/IID class will be determined by multiplying the nursing facility new bed value by 120%.

State of Mississippi

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER
TYPES OF CARE**

ceiling, then its rate is its trended cost plus fifty percent (50%) of the difference between the trended cost or the median, whichever is greater, and the ceiling.

B. Property Payment. A per diem payment will be made for property costs based on a fair rental system. The amount of the payment is determined as follows:

1. A new facility constructed on January 1, 2015 is assumed to have a per bed value of \$109,440 which is 120 percent of the per bed value of a nursing facility. Each year, the January 1 new bed value of the PRTF class will be determined by multiplying the nursing facility new bed value by 120%.