

Center for Medicaid and State Operations (CMSO)

Mr. Lanier M. Cansler
Secretary
North Carolina Department of Health and Human Services
2001 Mail Service Center
Raleigh, North Carolina 27699-2001

APR - 8 2010

RE: SPA NC 09-009

Dear Secretary Cansler:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 09-009. Effective July 1, 2009 this amendment modifies the State's reimbursement methodology for setting payment rates for nursing facility services. Specifically, the amendment will freeze rates in effect on July 1, 2009 for hospital swing beds and nursing facility services. In addition effective October 1, 2009 rates will be reduced for services provided in hospital swing bed by 5.65%, nursing facilities 1.30%, geopsychiatric units 4.54%, ventilator and head injury units 4.70% and the direct care nursing home ceiling will be reduced to 102.6 %.

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 changes in payment methodology comply with applicable requirements and therefore have approved them with an effective date of July 1, 2009. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Stanley Fields at (502) 223-5332 or Venesa Day at 410-786-8281.

Sincerely



Cindy Mann
Director, CMSO

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: 09-009	2. STATE NC
		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 July 1, 2009	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input checked="" type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input 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 413.310		7. FEDERAL BUDGET IMPACT: a. FFY 2010 (\$41,714,642.99) b. FFY 2011 (\$41,714,642.99)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, Supplement 1, Page 1; Attachment 4.19-D, Page 3; Attachment 4.19-D Supplement 1, Page 1; and Attachment 4.19-D, Supplement 1, Page 2		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-A Supplement 1 Page 1, Attachment 4.19-D, Page 3, and Attachment 4.19-D Supplement 1, Page 1	
10. SUBJECT OF AMENDMENT: Nursing Care Facilities			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: SECRETARY <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: //s//		16. RETURN TO: Office of the Secretary Department of Health and Human Services 2001 Mail Service Center Raleigh, NC 27699-20014	
13. TYPED NAME: Lanier M. Cansler			
14. TITLE: Secretary			
15. DATE SUBMITTED: 09-30-09			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 09-30-09		18. DATE APPROVED: 04-08-10	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 07-01-09		20. SIGNATURE OF REGIONAL OFFICIAL: //s//	
21. TYPED NAME: Cindy Mann		22. TITLE: Director	
23. REMARKS:			

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: North Carolina

Payment for Services – Prospective Reimbursement Plan for Nursing Care Facilities

- (C) The base year per diem neutralized case-mix adjusted cost and the base year per diem non-case-mix adjusted cost are summed for each nursing facility. Each facility's base year per diem result is arrayed from low to high and the Medicaid day-weighted median cost is determined. Also for each facility, the percentage that each of these components represents of the total is determined.
- (D) The statewide direct care ceiling is established at 102.6 percent of the base year neutralized case-mix adjusted and non-case mix adjusted Medicaid day-weighted median cost.
- (E) For each nursing facility, the statewide direct care ceiling shall be apportioned between the per diem case-mix adjusted component and the per diem non-case-mix adjusted component using the facility-specific percentages determined in .0102(b)(2)(C).
- (F) On a quarterly basis, each facility's direct care rate shall be adjusted to account for changes in its Medicaid average case-mix index. The facility's direct care rate is determined as the lesser of (i) or (ii) as calculated below plus an incentive allowance.
 - (i) The facility's specific case-mix adjusted component of the statewide ceiling times the facility's Medicaid average case-mix index, plus each facility's specific non-case mix adjusted component of the statewide ceiling.
 - (ii) The facility's per diem neutralized case-mix adjusted cost times the Medicaid average case-mix index, plus the facility's per diem non case-mix adjusted cost.

Effective January 1, 2008, the incentive allowance is equal to 100% times the difference (if greater than zero) of (i) minus (ii) as calculated above. The Division of Medical Assistance may negotiate direct rates that exceed the facility's specific direct care ceiling for ventilator dependent and head injury patients. Payment of such special direct care rates shall be made only after specific prior approval of the Division of Medical Assistance.

- (G) For rates effective October 1, 2003, the Medicaid average case-mix index calculated as of March 31, 2003 shall be used to adjust the case-mix adjusted component of the statewide direct care ceiling. For rates effective January 1, 2004 and thereafter, the prior quarters Medicaid average case-mix index will be used to adjust the case-mix adjusted component of the statewide direct care ceiling. Example: January 1, 2004 rate will use the Medicaid average case-mix index calculated as of September 30, 2003.

TN. No: 09-009
Supersedes
TN. No: 07-001

Approval Date: 04-08-10

Eff. Date: 07/01/09

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: North Carolina

Payment for Services – Prospective Reimbursement Plan for Nursing Care Facilities

Payment for Head Injury and Ventilator Nursing Beds:

FY 2005 and 2006 – No rate increase from the June 30, 2005 rate for all Medicaid private and public providers with the following exceptions: federally qualified health clinics, rural health centers, state institutions, outpatient hospital, pharmacy and the non-inflationary components of the case-mix reimbursement system for nursing facilities.

NC General Assembly legislation mandates that effective July 1, 2005, reimbursement rates for these programs (Head Injury and Ventilator Nursing Beds) for the state fiscal years 2005-2006 and 2006-2007 will remain at the rate in effect as of June 30, 2005, except rates may be adjusted downward.

FY 2007 – An appropriated 1.482% recurring inflationary increase for the Nursing Home program will be effective January 1, 2007.

FY 2008-2009 – No Adjustment for Head and Vent Beds.

FY 2009-2010 – The rates for SFY2010 are frozen as of the rates in effect July 1, 2009. Effective October 1, 2009 an overall rate reduction adjustment of 1.30% rate reduction (annualized over 8 months) for Nursing Care Facilities and 4.70% rate reduction (annualized over 9 months) for Head Injury and Ventilator Beds.

FY 2010-2011 – As of July 1, 2010, rates will be frozen

Reference: Attachment 4.19-D, Page 6 and 7

TN. No. 09-009
Supersedes
TN. No. 08-018

Approval Date: 04-08-10

Eff. Date: 07/01/09

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: North Carolina

Payment for Services – Prospective Reimbursement Plan for Nursing Care Facilities

Payment for Geropsychiatric Services:

FY 2009-2010 – The rates for SFY2010 are frozen as of the rates in effect July 1, 2009. Effective October 1, 2009 an overall rate reduction adjustment of 4.54% rate reduction (annualized over 9 months) for Geropsychiatric Services.

FY 2010-2011 – As of July 1, 2010, rates will be frozen

Reference: Attachment 4.19-D, Page 7a, 7b, and 7c

TN. No. 09-009
Supersedes
TN. No. NEW

Approval Date: 04-08-10

Eff. Date: 07/01/2009

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: North Carolina

Payments for Medical and Remedial Care and Services: Inpatient Hospital

Payment for Swing Beds and Lower Level Beds:

FY 2005 and 2006 – No rate increase from the June 30, 2005 rate for all Medicaid private and public providers with the following exceptions: federally qualified health clinics, rural health centers, state institutions, outpatient hospital, pharmacy and the non-inflationary components of the case-mix reimbursement system for nursing facilities.

NC General Assembly legislation mandates that effective July 1, 2005, reimbursement rates for these programs (Swing Beds and Lower Level Beds) for the state fiscal years 2005-2006 and 2006-2007 will remain at the rate in effect as of June 30, 2005, except rates may be adjusted downward.

FY 2009-2010 – The rates for SFY2010 are frozen as of the rates in effect July 1, 2009. Effective October 1, 2009 an overall rate reduction adjustment of 5.65% rate reduction (annualized over 9 months) for Swing and Lower Level beds.

FY 2010-2011 – As of July 1, 2010, rates will be frozen

Reference: Attachment 4.19-A: Page 25

TN. No. 09-009
Supersedes
TN. No. 05-012

Approval Date: 04-08-10

Eff. Date: 07/01/2009