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**State/Territory Name:** North Dakota

**State Plan Amendment (SPA) #:** ND-09-024

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) 179
- 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



Center for Medicaid , CHIP, and Survey & Certification

Maggie D. Anderson, Director  
Division of Medical Services  
Department of Human Services  
600 East Boulevard Avenue  
Department 325  
Bismarck, ND 58505-0250

AUG 25 2010

Re: North Dakota 09-024

Dear Ms. Anderson:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 09-024. Effective for services on or after January 1, 2010, this amendment modifies the reimbursement methodology to North Dakota's nursing facility reimbursement section. Specifically, this amendment incorporates legislatively approved inflation factors and increases to the cost category limits for the 2010 and 2011 rates years; and, excludes non-covered bed hold and late charges from income offsets.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 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 TN 09-024 is approved effective January 1, 2010. The HCFA-179 and the amended plan pages are attached.

If you have any questions, please contact Christine Storey at (303) 844-7044.

Sincerely,

A solid black rectangular box used to redact the signature of the sender.

Cindy Mann  
Director, CMCS

**REVISED 4-28-2010**

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: <b>09-024</b>	2. STATE <b>North Dakota</b>
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: <b>TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</b>	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE <b>January 1, 2010</b>	
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:  <b>42 CFR 447.200</b>		7. FEDERAL BUDGET IMPACT: a. FFY <del>2009</del> <b>2010</b> \$ <del>4,815,088</del> <b>3,368,154</b> b. FFY <del>2010</del> <b>2011</b> \$ <del>12,458,842</del> <b>7,817,923</b>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 4.19-D, Sub-section 1, Page 28</b> <b>Attachment 4.19-D, Sub-section 1, Pages 46 &amp; 47</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>Attachment 4.19-D, Sub-section 1, Page 28</b> <b>Attachment 4.19-D, Sub-section 1, Pages 46 &amp; 47</b>	
10. SUBJECT OF AMENDMENT: <b>Amends the State Plan to include legislatively approved inflation factors and increases to the cost category limits for the 2010 and 2011 rate years and excludes noncovered bedhold charges and late charges from income offsets.</b>			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <u>Maggie D. Anderson, Director,</u> <u>Medical Services Division</u>	
12. SIGNATURE:		16. RETURN TO:  <b>Maggie D. Anderson, Director</b> <b>Division of Medical Services</b> <b>ND Department of Human Services</b> <b>600 East Boulevard Avenue Dept 325</b> <b>Bismarck ND 58505-0250</b>	
13. TYPED NAME: <b>Maggie D. Anderson</b>			
14. TITLE: <b>Director, Division of Medical Services</b>			
15. DATE SUBMITTED: <b>November 27, 2009</b> <b>REVISED 4-28-2010</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:		18. DATE APPROVED: <b>8-25-10</b>	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>JAN - 1 2010</b>			
21. TYPED NAME: <b>William Lasowski</b>		22. TITLE: <b>Deputy Director, CMCS</b>	
23. REMARKS:			

State: North Dakota

Attachment 4.19-D  
Sub-section 1

### Section 13 - Offset to Costs

1. Several items of income must be considered as offsets against various costs as recorded in the books of the facility. Income in any form received by the facility, with the exception of an established rate, income from payments made under the Workforce Investment Act, bed reduction incentive payments, donations, the deferred portion of patronage dividends credited to the facility and not previously offset, income from charges for private rooms, special services, or noncovered bedhold days, and late charges, must be offset up to the total of the appropriate actual allowable cost. If actual costs are not identifiable, income must be offset up to the total of costs described in this section. If costs relating to income are reported in more than one cost category, the income must be offset in the ratio of the costs in each cost category. Sources of income include, but are not limited to:
  - a. "Activities income". Income from the activities department and the gift shop will be offset to activity costs.
  - b. "Vending income". Income from the sale of beverages, candy, or other items will be offset to the cost of the vending items or, if the cost is not identified, all vending income will be offset to the cost category where vending costs are recorded.
  - c. "Dietary income". Amounts received from or on behalf of employees, guests, or other non residents for meals or snacks will be offset to dietary and food costs.
  - d. "Drugs or supplies income". Amounts received from employees, doctors, or others not admitted as residents will be offset to nursing supplies. Medicare Part B income for drugs and supplies must be offset to nursing supplies.
  - e. "Insurance recoveries income". Any amount received from insurance for a loss incurred will be offset against the appropriate cost category regardless of when the cost was incurred if the facility did not adjust the basis for depreciable assets.
  - f. "Interest or investment income". Interest received on investments, except amounts earned on funded depreciation or from earnings on gifts where the identity remains intact, will be offset to interest expense.
  - g. "Laundry income". All amounts received for services rendered to or on behalf of employees, doctors, or others will be offset to laundry costs.
  - h. "Private duty nurse income". Income received for the providing of a private duty nurse will be offset to nursing salaries.

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TN No: 09-024  
Supersedes  
TN No: 01-013

Approval Date: AUG 25 2010 Effective Date: 01-01-2010  
28

State: North Dakota

Attachment 4.19-D  
Sub-section 1

**Section 24 – Adjustment Factors for Direct Care, Other Direct Care and Indirect Care Costs**

1. An appropriate economic change index may be used for purposes of adjusting historical costs for direct care, other direct care, and indirect care and for purposes of adjusting limitations of direct care costs, other direct care costs, and indirect care costs, but may not be used to adjust property costs.
2. For the rate year beginning January 1, 2009 the appropriate economic change index is five percent.
3. For the rate year beginning January 1, 2010 the appropriate economic change index is six percent.
4. For the rate year beginning January 1, 2011 the appropriate economic change index is six percent.

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TN No: 09-024  
Supersedes  
TN No: 09-001

Approval Date AUG 25 2010 Effective Date: 01-01-2010

**Section 25 - Rate Limits and Incentives**

1. Limits - All facilities except those nongeriatric facilities for individuals with physical disabilities or units within a nursing facility providing geropsychiatric services described in Section 5 - Exclusions must be used to establish a limit rate for the Direct Care, Other Direct Care, and Indirect Care cost categories. The base year is the report year ended June 30, 2006. Base year costs may not be adjusted in any manner or for any reason not provided for in this section.
  - a. The limit rate for each of the cost categories will be established as follows:
    - (1) Historical costs for the report year ended June 30, 2006, as adjusted must be used to establish rates for all facilities in the Direct Care, Other Direct Care and Indirect Care cost categories. The rates as established must be ranked from low to high for each cost category.
    - (2) For the rate year beginning January 1, 2009, the limit rate for each cost category is:
      - (a) For the Direct Care cost category, \$110.61;
      - (b) For the Other Direct Care cost category, \$21.29; and
      - (c) For the Indirect Care cost category, \$52.19.
    - (3) For the rate year beginning January 1, 2010, the limit rate for each cost category is:
      - (a) For the Direct Care cost category, \$115.78;
      - (b) For the Other Direct Care cost category, \$21.94; and
      - (d) For the Indirect Care cost category, \$55.42.
    - (4) For the rate year beginning January 1, 2011, the limit rate for each cost category is:
      - (a) For the Direct Care cost category, \$127.50;
      - (b) For the Other Direct Care cost category, \$23.89; and
      - (e) For the Indirect Care cost category, \$60.57.