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State/Territory Name: North Dakota

State Plan Amendment (SPA) #: ND-17-0014

This file contains the following documents in the order listed:

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

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



Financial Management Group

SEP 11 2017

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

Re: North Dakota 17-0014

Dear Ms. Anderson:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 17-0014. Effective for services on or after June 1, 2017, this amendment provides for updates to the nursing facility reimbursement methodology. Specifically, this amendment restores the operating margin and incentive payment, updates the cost report base year, and, provides for limit increases to cost components of the daily per diem rate.



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 17-0014 is approved effective June 1, 2017. The CMS-179 and the amended plan pages are attached.

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

Sincerely,



Kristin Fan
Director

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|---|--|---|---------------------------------|
| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL | | 1. TRANSMITTAL NUMBER: 17-0014 | 2. STATE North Dakota |
| 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 June 1, 2017 | |
| 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: 42 CFR Part 447 Subpart C; 42 CFR 447.252 | | 7. FEDERAL BUDGET IMPACT: a. FFY <u>2017</u> \$ <u>254,289</u> b. FFY <u>2018</u> \$ <u>762,866</u> | |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D, Subsection 1, page 47 Attachment 4.19-D, Subsection 1, page 48 | | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-D, Subsection 1, page 47 Attachment 4.19-D, Subsection 1, page 48 | |
| 10. SUBJECT OF AMENDMENT: Amends the North Dakota State Plan to implement rate increases for Nursing Facility Services for June 1, 2017 | | | |
| 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: Maggie D. Anderson, Director Medical Services Division ND Department of Human Services 600 East Boulevard Avenue Dept 325 Bismarck ND 58505-0250 | |
| 13. TYPED NAME: Maggie D. Anderson | | | |
| 14. TITLE: Director, Medical Services Division | | | |
| 15. DATE SUBMITTED: June 20, 2017 | | | |
| FOR REGIONAL OFFICE USE ONLY | | | |
| 17. DATE RECEIVED: | | 18. DATE APPROVED: SEP 11 2017 | |
| PLAN APPROVED - ONE COPY ATTACHED | | | |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: JUN 01 2017 | | 20. SIGNATURE:  | |
| 21. TYPED NAME: Kristin FAN | | 22. TITLE: Director, FMS | |
| 23. REMARKS: | | | |

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, 2014. 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, 2014, 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 rates effective June 1, 2017, the limit rate for each cost category is:
 - (a) For the Direct Care cost category, \$178.18;
 - (b) For the Other Direct Care cost category, \$28.15; and
 - (c) For the Indirect Care cost category, \$77.29.

- b. A facility which has an actual rate that exceeds the limit rate for a cost category will receive the limit rate.
2. The department will review, on an ongoing basis, aggregate payments to nursing facilities to determine that payments do not exceed an amount that can reasonably be estimated would have been paid for those services under Medicare payment principles. If aggregate payments to nursing facilities exceed estimated payments under Medicare, the department will make adjustments to rates to establish the upper limitations so that aggregate payments do not exceed an amount that can be estimated would have been paid under Medicare payment principles.
3. The department shall accumulate and analyze statistics on costs incurred by the nursing facilities. These statistics may be used to establish reasonable ceiling limitations taking into consideration relevant factors including resident needs, nursing hours necessary to meet resident needs, size of the nursing facility and the costs that must be incurred for the care of residents in an efficiently and economically operated nursing facility.
4. The department shall establish limits on actual allowable historical operating cost per diems based on cost reports of allowable operating costs. The limit rates shall be the median rate plus 20 percent for the Direct Care cost category; the median rate plus 20 percent for the Other Direct care category; and the median rate plus 10 percent for the Indirect Care cost category. Until a new base period is established, the department shall adjust the limits annually by the adjustment factor set forth in Section 24 – Adjustment Factors for Direct Care, Other Direct Care and Indirect Care Costs and the limit rate for those rate years may not fall below the median rate for the cost category of the applicable cost report year.
5. For rates through December 31, 2016 and for rates effective June 1, 2017, for a facility with an actual rate below the limit rate for Indirect Care costs, an incentive amount equal to 70% times the difference between the actual rate, exclusive of inflation indices, and the limit rate, in effect at the end of the year immediately preceding the rate year, up to a maximum of \$2.60, or the difference between the actual rate, inclusive of the adjustment factor and the limit rate for indirect care costs, whichever is less will be included as part of the Indirect Care cost rate.
6. For rates through December 31, 2016 and for rates effective June 1, 2017, a facility will receive an operating margin of 3% based on the lesser of the actual Direct Care and Other Direct Care rates, exclusive of inflation indices, or the limit rate, in effect at the end of the year immediately preceding the rate year. The 3% operating margin will then be added to the rate for the Direct Care and Other Direct Care cost categories.

OS Notification

State/Title/Plan Number: North Dakota 17-0014

Type of Action: SPA Approval

Required Date for State Notification: September 18, 2017

Fiscal Impact: FFY 2017 \$254,289
FFY 2018 \$762,866

Source of the Non-Federal Share: General Fund

Base/supplemental/DSH methodology: Base

Number of Services Provided by Enhanced Coverage, Benefits or Retained Enrollment: 0

Number of Potential Newly Eligible People: 0

Eligibility Simplification: No

Provider Payment Increase: Yes

Delivery System Innovation: No

Number of People Losing Medicaid Eligibility: No

Reduces Benefits: No

Detail: Effective June 1, 2017, this Attachment 4.19-D nursing facility amendment revises the reimbursement methodology as follows: 1) restores the operating margin and incentive payment previously suspended in ND 17-0006, 2) updates the base year period to June 30, 2014, and 2) updates the rate limits for direct care, other direct care, and the indirect care cost components of the daily per diem rate.

Public process/notice requirements were met. Tribal consultation was not required purposes of this amendment. The State has adequately responded to the standard funding questions. The UPL was reviewed and deemed acceptable with room to accommodate these payments. Source of non-Federal share is derived from General Fund Appropriation.

Other Considerations: This plan amendment has not generated significant outside interest and we do not recommend the Secretary contact the governor.

CMS Contact: Christine Storey, (303) 844-7044, NIRT