

Table of Contents

State/Territory Name: NH

State Plan Amendment (SPA) #: 17-0005

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

OCT 24 2017

Jeffery A. Meyers, Commissioner
Department of Health and Human Services
State of New Hampshire
129 Pleasant Street
Concord, NH 03301

RE: New Hampshire SPA 17-0005

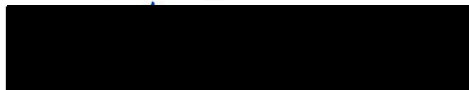
Dear Commissioner Meyers:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 17-0005. This amendment updates the state's Resource Utilization Group (RUG) reimbursement system to version IV and Minimum Data Set (MDS) 3.0 to be consistent with Medicare. Additionally, the state made a technical correction to the state plan language to clarify that the state budget adjustment factor is 30%, which was previously undefined as part of the methodology.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447. We are pleased to inform you that Medicaid State plan amendment 17-0005 is approved effective July 1, 2017. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Novena James-Hailey at (617) 565-1291.

Sincerely,



Kristin Fan
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 17-0005	2. STATE NH
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION	4. PROPOSED EFFECTIVE DATE July 1, 2017	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		

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: SSA 1902(a)(13) and 42 CFR Part 447	7. FEDERAL BUDGET IMPACT: FFY 2017: 0 FFY 2018: 0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19D, page 29 Attachment 4.19D, pages 29(a) and 29(c) Attachment 4.19D, page 29(d) page 29(f) and page 30	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19D, page 29, TN 01-005 Attachment 4.19D, pages 29(a) and 29(c), TN 08-015 Attachment 4.19D, page 29(d), TN 03-007 page 29(f) and page 30

10. SUBJECT OF AMENDMENT:
Nursing Facility Reimbursement - Resource Utilization Grouper and Minimum Data Set

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED: comments, if any, will follow

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE: [Redacted]	16. RETURN TO: Dawn Landry Office of Medicaid Business and Policy/Brown Building Department of Health and Human Services 129 Pleasant Street Concord, NH 03301
13. TYPED NAME: Jeffrey A Meyers	
14. TITLE: Commissioner	
15. DATE SUBMITTED: March 23, 2017	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: OCT 24 2017
--------------------	--------------------------------

PLAN APPROVED -- ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 21. TYPED OCT 24 2017	20. SIGNATURE OF REGIONAL OFFICIAL: [Redacted]
NAME: Kristin Fan	22. TITLE: Director, FMCA

23. REMARKS:

Pen and ink changes to boxes 8 & 9 due to technical changes.

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
JFK Federal Building, Government Center
Room 2275
Boston, Massachusetts 02203



Division of Medicaid and Children's Health Operations / Boston Regional Office

October 24, 2017

Jeffery A. Meyers, Commissioner
Department of Health and Human Services
State of New Hampshire
129 Pleasant Street
Concord, NH 03301

RE: New Hampshire Companion letter to TN17-0005

Dear Commissioner Meyers:

This letter is being sent as a companion to our approval of transmittal number (TN) 17-0005 that proposes to update the state's nursing facility acuity rate setting methodology to the Resources Utilization Grouper (RUG) IV and Minimum Data Set (MDS) 3.0.

The state provided a response to the Standard Funding Question as part of the submission package for this amendment. CMS staff reviewed the response and found a discrepancy in payment authority for supplemental payment under Attachment 4.19D of the state plan. Supplemental payments for Medicaid Quality Incentive Payments (MQIP) are being made to providers however, language for the reimbursement methodology is missing from the state plan. Consequently, we are issuing a companion letter to inform you that New Hampshire's payment and claims for MQIP is out of compliance with Federal state plan requirements at 42 CFR 447 Subpart C.

The State will need to revise Attachment 4.19-D of their state plan to include a comprehensive reimbursement methodology for MQIP in order to come into compliance.

The State has 90 days from the date of this letter to address the issues described above. Failure to respond may result in the initiation of a formal compliance process and put the state at financial risk. During the 90 days, CMS will provide any required technical assistance.

If you have any questions, please contact Novena James-Hailey of my staff. She can be reached at 617-565-1291 or by email at novena.jameshailey@cms.hhs.gov.

Sincerely,

A black rectangular redaction box covering the signature of Richard R. McGreal.

Richard R. McGreal
Associate Regional Administrator

Attachment 4.19D		ITEM B	PAGE 29
MEDICAL ASSISTANCE	SUBJECT NURSING FACILITY REIMBURSEMENT		DATE SR

Policy
(Continued)
9999.8

b. Per Diem-Rate-General Nursing Care

1. Rate Setting

- (a) Except for certain ICF-MR's, each facility will receive a prospectively determined general nursing care per diem rate. The general nursing care per diem rate is comprised of five components of cost: administrative; other support; plant maintenance; capital; and patient care.
- (b) Each facility's general nursing care per diem rate will be determined by the Finance Unit of the NH Department of Health and Human Services from the provider's most recently desk reviewed or field audited cost reports and from Minimum Data Set (MDS) 3.0, currently specified for use by the Centers for Medicare and Medicaid Services (CMS), information periodically submitted by each facility to the Department of Health and Human Services.
- (c) If a facility qualifies to be an atypical (special needs) facility, its rate will be determined as indicated in Section 9999.8 c.
- (d) Rate calculation work sheets are maintained by the Department and are available for inspections on the premises by contacting the Department of Health and Human Services.

2. Prospective Rate Determination

- (a) The New Hampshire Acuity-Based Nursing Facility Reimbursement System was implemented effective February 1, 1999. New Hampshire nursing facilities are paid a prospective rate which links each facility's per diem rate to the level of services required by its resident mix.

TN No: 17-0005
Supersedes
TN No: 01-005

Approval Date: OCT 24 2017

Effective Date: 07/01/2017

Attachment 4.19D		ITEM B	PAGE 29(a)
MEDICAL ASSISTANCE	SUBJECT NURSING FACILITY REIMBURSEMENT		DATE SR

Policy
(Continued)
9999.8

- (b) The New Hampshire Acuity-Based Nursing Facility System resident classifications will be derived from the 48-group of the most current Version of RUG IV classification system from CMS when calculated by the the third party Medicaid vendor.
- (c) Atypical (special needs) residents are excluded from this classification methodology. The cost of atypical (special needs) care is determined according to Section 9999.8 c.

3. Retrospective Rates

Prospective rates are used for nursing facilities rather than retrospective rates.

4. Rate Components

- (a) A single facility-wide prospective rate will be paid to each facility. This prospective rate is comprised of five components of cost determined from nursing facility cost reports submitted to the Department. The five components of costs are as follows:
- (1) Administrative costs are those costs incurred in the general management and support of the facility. They include, but are not limited to, compensation for owners, administrators and consultants, management fees, accounting, legal, travel, working capital interest, and other similar costs. In the base year, costs were inflated from the midpoint of the cost report period to the midpoint of the rate period using the CMS Prospective Payment System (PPS) Skilled Nursing Facility Input Price Index by Expenses Category index.

TN No: 17-0005
Supersedes
TN No: 08-015

Approval Date: OCT 24 2017

Effective Date: 07/01/2017

Attachment 4.19D		ITEM B	PAGE 29(c)
MEDICAL ASSISTANCE	SUBJECT NURSING FACILITY REIMBURSEMENT		DATE SR

Policy
(Continued)
9999.8

- (b) For each of the components of cost, inflated costs per diem are adjusted by a factor to remove costs incurred by residents with atypical (special needs) needs that are determined according to Section 9999.8c of this Plan. The atypical (special needs) factor is calculated by multiplying the atypical (special needs) rate in effect by actual atypical (special needs) days to actual total atypical (special needs) costs. To calculate the number of atypical (special needs) days, the number of atypical (special needs) residents in each facility as of a date specified by the Department of Health and Human Services was multiplied by 365. The atypical payments are then divided by total Medicaid costs for each facility to develop a ratio of atypical (special needs) costs to total costs. Each cost component per diem is then reduced by this ratio to remove the costs of treating an atypical (special needs) resident.

5. Classification of Residents Using MDS 3.0 and RUG-IV of the most current Version Grouper and Calculation of Relative Weights

- (a) CMS STRIVE (Staff Time and Resource Intensity Verification) wage weighted staff time nursing minutes are combined with New Hampshire nursing costs derived from the facilities' base year cost reports to determine New Hampshire facility-specific direct care nursing costs per day for each classification.
- (b) To calculate the relative weight for each of the 48 classifications, the CMS STRIVE raw national nursing minutes per day for each classification are "smoothed" by a ratio of smoothed to unsmoothed mean nursing wage weighted staff time, then are multiplied times the New Hampshire nursing wages per minute to yield the average wages per day for each classification. The total wages per day for each classification are then divided by the sum of the nursing wages per day for all classifications to obtain the relative weight.
- (c) Using the MDS Data 3.0, submitted quarterly, the assessment types used will be CMS required MDS (OBRA and PPS) assessments including admission, annual, significant change, quarterlies and PPS-only assessments. The applicable date on the MDS used to determine inclusion in the Picture Data draw is the last day of the fifth month prior to the Medicaid rate date. These assessments shall be either an admission assessment with a Date of Entry on or before the picture date depending on the adjustment period or the most recent Quarterly, Annual, or Significant Change assessment with an Assessment Reference Date no later than five days past the picture date. All applicable assessments should be transmitted and accepted at the state database on or before the 20th of the month following the picture date, for inclusion in the Picture Date Case Mix Index data collection process by all New Hampshire nursing facilities for all residents. Each resident is then classified into 1 of 48 resident classifications using the most current version of the RUG-IV Grouper when calculated by the third party Medicaid vendor.

TN No: 17-0005
Supersedes
TN No: 08-015

Approval Date: OCT 24 2017

Effective Date: 07/01/2017

Attachment 4.19D		ITEM B	PAGE 29(d)
MEDICAL ASSISTANCE	SUBJECT NURSING FACILITY REIMBURSEMENT		DATE SR

Policy
(Continued)
9999.8

(d) The 48 RUG-IV classifications are described as "State of New Hampshire Acuity Group Classifications." Relative weights for each classification are then calculated based on the weighted average relative weight of the 48 RUG-IV classifications (weighted based on the number of residents in each of the 48 RUG-IV classifications).

6. Calculation of the Facility All-Payor Case Mix Index

An all-payor case-mix index for each facility is determined by multiplying the number of residents times the relative weight for each of the 48 classifications. The values across each resident grouping are summed and divided by the total number of residents. The all payor case mix index shall be updated to synchronize the all payor case mix index with the Medicaid cost report year.

7. Calculation of Prospective Per Diem Rates-Component Amounts

A facility-specific prospective per diem rate is calculated by summing five rate components: administrative costs, other support costs, plant maintenance, capital, and patient care costs. Each component's per diem amount is calculated as follows:

(b) The patient care cost component is based on the lower of each facility's case-mix adjusted direct care cost per diem amount, or the statewide median value. The case mix adjusted direct care cost per diem for each facility is calculated by dividing total patient care costs (including allowed physical, occupational and speech therapy costs) from each facility's cost report by resident days, based on data included in the most recently desk reviewed and/or field audited cost reports inflated to the mid point of the rate year in order to provide equity among providers with cost reports with different year end dates. The resulting amount is then divided by the all payor case-mix index to determine the case-mix adjusted patient care cost component per diem amount. Facility-specific amounts are arrayed, and the statewide median is determined.

TN No: 17-0005
Supersedes
TN No: 03-007

Approval Date: OCT 24 2017

Effective Date: 07/01/2017

MEDICAL ASSISTANCE	SUBJECT NURSING FACILITY REIMBURSEMENT	DATE SR
--------------------	---	------------

Policy
(Continued)
9999.8

- (f) The capital cost component of the prospective per diem rate is based on the actual facility cost, taken from the most recently desk reviewed and/or field audited cost reports, subject to an aggregate 85th percentile ceiling.
- (g) Administrative, other support, and plant maintenance cost components are reimbursed at the statewide median value, based on data included in the most recently desk reviewed and/or field audited cost reports.

8. Calculation of Facility-Specific Per Diem Rate

- (a) The per diem cost components are summed to obtain the total facility rate per day for each resident in the nursing facility as of a date specified by the Department of Health and Human Services.
- (b) The rate determined in (a) above shall be reduced by a budget adjustment factor (BAF) equal to 30%.

9. Rate Limitation

- (a) In no case may payment exceed the provider's customary charges to the general public for such services or the Medicare upper limit of reimbursement.
- (b) Payment shall be made at the lesser rate when an established rate is a condition to a certificate of need approval and that rate differs from the Medicaid rate established by the Department. When a rate limitation is applied as a condition of the certificate of need, a provider may, if aggrieved, appeal such limitation.

TN No: 17-0005
Supersedes
TN No: 16-010

Approval Date: OCT 24 2017

Effective Date: 07/01/2017

ITEM B	PAGE 30
SUBJECT	
MEDICAL ASSISTANCE	NURSING FACILITY REIMBURSEMENT
DATE	
SR	

Policy
(Continued)
9999.8

10. Annual Updating

Acuity-based rates will be determined and set annually using the most recently reviewed and validated MDS data submitted by the facilities for an effective date of July 1.

11. Rebasing

The Department will review rates and will rebase nursing facility rates at least every five years. In between rebase years, cost components are inflated in accordance with sections 7 (a) - (g). The resulting rate is also subject to the BAF as defined above.

TN No: 17-0005
Supersedes
TN No: 08-004

Approval Date: OCT 24 2017

Effective Date: 07/01/2017