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State/Territory Name: Nevada

State Plan Amendment (SPA) #: 14-003

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



AUG 27 2014

Romaine Gilliland, Director
Department of Health and Human Services
4126 Technology Way, Suite 100
Carson City, Nevada 89706

RE: Nevada SPA 14-003

Dear Mr. Gilliland:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 14-003. This amendment, effective July 1, 2014, increases the inpatient psychiatric per diem rates for general acute hospitals and freestanding psychiatric hospitals.

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 Subpart C. This is to inform you that Medicaid State plan amendment 14-003 is approved effective July 1, 2014. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561.

Sincerely,

A large black rectangular redaction box covers the signature area of the letter.

Cindy Mann
Director

Enclosures

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| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL | 1. TRANSMITTAL NUMBER: 14-003 | 2. STATE NEVADA |
| | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) | |
| FOR: HEALTH CARE FINANCING ADMINISTRATION | | |
| TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES | 4. PROPOSED EFFECTIVE DATE July 1, 2014 | |

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)


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|---|--|
| 6. FEDERAL STATUTE/REGULATION CITATION: State Plan under Title XIX of the Social Security Act: 42 CFR 447 Subpart C | 7. FEDERAL BUDGET IMPACT: a. FFY 2015 2014 \$12,817,784 3,307,342 b. FFY 2016 2015 \$13,406,480 13,384,116 |
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| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <u>Attachment 4.19-A, pgs. 10 & 10-(Continued)</u> 11 | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): <u>Attachment 4.19-A, pg. 10</u> and 11 |
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10. SUBJECT OF AMENDMENT:
General Acute Hospitals (PT11) and Freestanding Psychiatric (PT13) methodology changes which results in reimbursement rate increases.

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED The Governor's Office does not
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL wish to review the State Plan Amendment.

| | |
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| 12. SIGNATURE OF STATE AGENCY OFFICIAL:  | 16. RETURN TO: Marta Stagliano, Chief of Program Integrity DHCFP/Medicaid 1100 East William Street, Suite 101 Carson City, NV 89701 |
| 13. TYPED NAME: Michael J. Willden | |
| 14. TITLE: Director, Department of Health and Human Services | |
| 15. DATE SUBMITTED: JUN 16 2014 | |

FOR REGIONAL OFFICE USE ONLY

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|--------------------|---------------------------------------|
| 17. DATE RECEIVED: | 18. DATE APPROVED: AUG 27 2014 |
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PLAN APPROVED - ONE COPY ATTACHED

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|---|---|
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2014 | 20. SIGNATURE OF REGIONAL OFFICIAL:  |
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|---------------------------------------|--|
| 21. TYPED NAME: Penny Thompson | 22. TITLE: Deputy Director, Policy & Financial Mgt, PMS |
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23. REMARKS:

Pen and ink changes made to Boxes 6, 7, 8, and 9 by regional office with state concurrence.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Nevada

Attachment 4.19-A

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IV. PSYCHIATRIC/SUBSTANCE ABUSE TREATMENT RATE DEVELOPMENT

Psychiatric/substance abuse treatment admissions can vary from short stays to several weeks. The length of stay does not significantly impact the cost per day. Therefore, a per diem rate is a more appropriate method to pay acute care hospitals providing this type of service.

1. Psychiatric/substance abuse treatment costs for each hospital are divided by the number of psychiatric/substance abuse treatment days to determine a cost per day. The Medicaid related costs of freestanding psychiatric hospitals are determined using the steps in Section II, Parts A and B, then dividing their Medicaid costs by their total Medicaid days to determine the cost per day. The calculated cost per day of each general acute care hospital and freestanding psychiatric hospital is arrayed from highest to lowest. The prospective per diem rate is then calculated at the 55th percentile and indexed in accordance with Section II, Part E of this plan.

- a. These rates do not apply to facilities accredited as Residential Treatment Centers by the Joint Commission on Accreditation of Health Organizations (JCAHO).

For services performed on or after July 1, 2014, the psychiatric/substance abuse per diem rate will be determined as follows:

2. General acute hospitals providing inpatient psychiatric services will be reimbursed with a per diem.
 - a. Billed charges for inpatient psychiatric claims paid in SFY ending 6/30/13 were used from the Nevada Medicaid claims data.
 - b. The aggregate average billed charges per day was calculated for all Nevada Medicaid enrolled general acute hospitals using this data.
 - c. The per diem rate will be 37% of the aggregate average billed charges per day for Nevada Medicaid enrolled inpatient general acute hospital psychiatric services.
3. Freestanding psychiatric hospitals are reimbursed at the lowest rate acceptable to Nevada Medicaid and the provider. In establishing the lowest rate acceptable to both parties, Nevada Medicaid will review cost information filed by the provider, rates received from other state Medicaid programs and other information it deems pertinent to calculate an average cost per day. Considering this information, Nevada Medicaid will then assign an individual rate to each provider. This rate will remain in effect until DHCFP authorizes a change. The rate cannot exceed the reasonable and customary charges of the facility.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Nevada

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4. State-operated Inpatient Psychiatric Hospitals are reimbursed under Medicare principles of retrospective reimbursement described in 42 CFR 413 and further specified in CMS Publication 15.
 - a. In no case may payment exceed audited allowable costs.
 - b. Interim rates will be based upon the most recent audited cost reports for the current state fiscal year. The interim rate for the initial year of operation will be based upon cost and utilization projections.
 - c. Each facility is paid an interim rate subject to a cost settlement.

TN No. 14-003
Supersedes
TN No. 03-010

Approval Date: AUG 27 2014

Effective Date: July 1, 2014