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State/Territory Name: Nevada

State Plan Amendment (SPA) #: 15-005

This file contains the following documents in the order listed:

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

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Financial Management Group

AUG 31 2015

Richard Whitley, Director
Nevada Department of Health and Human Services
4126 Technology Way, Suite 100
Carson City, NV 89706

RE: Nevada State Plan Amendment 15-005

Dear Mr. Whitley:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 15-005. This amendment increases inpatient hospital rates by five percent effective July 9, 2015.

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 15-005 is approved effective July 9, 2015. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Mark Wong at (415) 744-3561 or Blake Holt at (415) 744-3754.

Sincerely,

[redacted]

Timothy Hill
Director

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: **15-005**

2. STATE: **NEVADA**

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 9, 2015

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:
State Plan Under Title XIX of the Social Security Act: 42 CFR 447

7. FEDERAL BUDGET IMPACT:
a. **FFY 2016** **$19,245,382**
b. **FFY ~~2017~~ 2015** **~~$19,555,966~~** 4,660,084

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A, Pages 4, 5, 8, 9, 14

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 4.19-A, Pages 4, 5, 8, 9, 14

10. SUBJECT OF AMENDMENT:
This is a Legislatively Mandated rate increase for Provider Type 11 – Inpatient Hospitals. It increases the existing per diem rates for Medical/Surgical, Maternity and Newborn stays by 5%. This increase is applied to the bulk of the services performed by these providers. It is anticipated that this change will increase access to care as well.

11. GOVERNOR'S REVIEW *(Check One)*:
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED:
The Governor's Office does not wish to review the State Plan Amendment.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Richard Whitley

14. TITLE:
Director, Department of Health and Human Services

15. DATE SUBMITTED:
JULY 8, 2015

16. RETURN TO:
Tammy Moffitt, Chief of Program Integrity
DHCFP/Medicaid
1100 East William Street, Suite 101
Carson City, NV 89701

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: AUG 31 2015

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
JUL 09 2015

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Kristin FAN

22. TITLE: Deputy Director, FMC

23. REMARKS:

Pen and ink change made to Box 7 by CMS Regional Office with state concurrence.

FORM HCFA-179 (07-92)

A. Maternity Rate Conversion

An all-inclusive per diem rate is paid for obstetrical hospital admissions. The rate also covers related admissions such as false labor, undelivered OB, and miscarriages.

Historical Medicaid data for the Calendar Year (CY) ended December 31, 2002, has been extracted showing Medicaid Maternity admissions and Maternity patient days by tier. Projected Maternity payments for each tier are calculated as CY2002 Maternity admissions per tier times the current tier rate. Total projected Maternity payments are the sum of all projected tier payments.

The conversion per diem rate for Maternity has been determined by the following formula:

$$\frac{\text{Total Projected Maternity Payments}}{\text{CY2002 Historical Maternity Patient Days}} = \text{Maternity Per Diem Rate}$$

For services performed on or after January 1, 2006, the maternity per diem rate will be determined by multiplying a factor of 1.1001 times the conversion per diem rate.

For services performed on or after July 1, 2007, the maternity per diem rate will be determined by multiplying a factor of 1.0757 times the conversion per diem rate.

For services performed for claims with an admission date on or after September 8, 2008, the maternity per diem rate will be calculated as follows:

1. Charges submitted for claims paid in SFY 2007 were used from the Nevada Medicaid claims data.

2. The number of days admitted (the length of stay) for claims paid in SFY 2007 was used to calculate each claim's billed charges per day.

3. The per diem rate will be 34% of the median of billed charges per day for Nevada in-patient hospitals for obstetric services.

This rate will be used as a prospective rate until rebased as directed by the Department of Health and Human Services. There will be no cost settlement.

For services performed for claims with an admission date on or after July 9, 2015, the maternity per diem rate will be determined by multiplying a factor of 1.05 times the September 8, 2008 per diem rate.

B. Newborn Rate Calculation

An all-inclusive per diem rate will be developed for newborns admitted through routine delivery at a hospital.

Historical Medicaid data for the Calendar Year (CY) ended December 31, 2002, has been extracted showing Medicaid Newborn admissions and Newborn patient days by tier. Projected Newborn payments for each tier are calculated as CY2002 Newborn admissions per tier times the current tier rate. Total projected Newborn payments are the sum of all projected tier payments.

The conversion per diem rate for Newborn has been determined by the following formula:

$$\frac{\text{Total Projected Newborn Payments}}{\text{CY2002 Historical Newborn Patient Days}} = \text{Newborn Per Diem Rate}$$

For services performed on or after January 1, 2006, the newborn per diem rate will be determined by multiplying a factor of 1.1001 times the conversion per diem rate.

For services performed on or after July 1, 2007, the newborn per diem rate will be determined by multiplying a factor of 1.0757 times the conversion per diem rate.

For services performed for claims with an admission date on or after September 8, 2008, the newborn per diem rate will be calculated as follows:

1. Charges submitted for claims paid in SFY 2007 were used from the Nevada Medicaid claims data.

2. The number of days admitted (the length of stay) for claims paid in SFY 2007 was used to calculate each claim's billed charges per day.

3. The per diem rate will be 34% of the median of billed charges per day for Nevada in-patient hospital routine services related to the care of a newborn.

This rate will be used as a prospective rate until rebased as directed by the Department of Health and Human Services. There will be no cost settlement.

For services performed for claims with an admission date on or after July 9, 2015, the newborn per diem rate will be determined by multiplying a factor of 1.05 times the September 8, 2008 per diem rate.

E. Medical/Surgical Rate Development

The current tier rate will be paid for Medical/Surgical payments made on or prior to August 31, 2003. Beginning September 1, 2003, an all-inclusive per diem rate will be paid for general hospital admission, not meeting the criteria of patients described in Parts B. - D. and F. of this Section or Section IV.

Historical Medicaid data for the Calendar Year (CY) ended December 31, 2002, has been extracted showing Medicaid Medical/Surgical admissions and Medical/Surgical patient days by tier. Projected Medical/Surgical payments for each tier are calculated as CY2002 Medical/Surgical admissions per tier times the current tier rate. Total projected Medical/Surgical payments are the sum of all projected tier payments.

The conversion per diem rate for the Medical/Surgical category has been determined by the following formula:

$$\frac{\text{Total Projected Medical/Surgical Payments}}{\text{CY2002 Historical Medical/Surgical Patient Days}} = \text{Medical/Surgical Per Diem Rate}$$

For services performed on or after January 1, 2006, the medical/surgical per diem rate will be determined by multiplying a factor of 1.1001 times the conversion per diem rate.

For services performed on or after July 1, 2007, the medical/surgical per diem rate will be determined by multiplying a factor of 1.0757 times the conversion per diem rate.

For services performed for claims with an admission date on or after September 8, 2008, the medical/surgery per diem rate will be calculated as follows:

1. Charges submitted for claims paid in SFY 2007 were used from the Nevada Medicaid claims data.

2. The number of days admitted (the length of stay) for claims paid in SFY 2007 was used to calculate each claim's billed charges per day.

3. The per diem rate will be 22% of the median of billed charges per day for Nevada in-patient hospital services for medical/surgery procedures.

This rate will be used as a prospective rate until rebased as directed by the Department of Health and Human Services. There will be no cost settlement.

For services performed for claims with an admission date on or after July 9, 2015, the medical/surgical per diem rate will be determined by multiplying a factor of 1.05 times the September 8, 2008 per diem rate.

F. Level I Trauma Centers

Nevada Medicaid will pay an enhanced rate for full trauma team cases at Level I Trauma Centers. For payments made on or before August 31, 2003, the enhanced trauma rate is 1.63 times the Medical/Surgical tier rate. For services paid September 1, 2003, and after the enhanced trauma rate is 1.63 times the Medical/Surgical rate in effect on September 1, 2003.

V. ADMINISTRATIVE DAY RATE DEVELOPMENT

For those patients who remain in an acute care hospital awaiting admittance to a long-term care facility, an administrative day rate is used. Services so reimbursed are call "administrative days."

The administrative rate is based on statewide weighted average payment rate established in 2003 for skilled and intermediate levels of care. The administrative rate is lower than the hospital rate as described in Part II of the State Plan.

For services performed for claims with an admission date on or after July 9, 2015, the intermediate level administrative day per diem rate will be determined by multiplying a factor of 1.05 times the 2003 statewide weighted average intermediate level of care payment rate, and the skilled level administrative day per diem rate will be 100% of the 2003 statewide weighted average skilled level of care payment rate.

VI. RESIDENTIAL TREATMENT CENTERS

Nevada Medicaid will only pay for stays in facilities accredited by the Joint Commission on Accreditation Health Organizations (JCAHO) as Residential Treatment Centers (RTCs). All stays must be pre-approved by the QIO-like vendor. These services will be reimbursed at the lowest rate acceptable to both parties. In establishing the lowest rate acceptable to both parties, Nevada Medicaid reviews cost information filed by the RTC, amounts paid by other insurers, and national literature on costs for RTCs. Each facility will have a negotiated rate established for each general level of service. If a placement is being proposed which is different from the general level of care offered by the facility, a rate will be negotiated after considering the average cost per day of the facility and the additional will be reviewed based upon cost information received on or prior July 1 of the year of review. The rate cannot exceed the reasonable and customary charges of the facility for similar services.