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

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

Center for Medicaid, CHIP, and Survey & Certification

Dr. Garth Splinter
State Medicaid Director
Oklahoma Health Care Authority
4545 North Lincoln Blvd., Suite 124
Oklahoma City, Oklahoma 73105
Attention: Cindy Roberts

AUG 2 4 2010

RE: TN 10-16

Dear Dr. Splinter:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 10-16. This amendment provides for a 3.25% reduction in reimbursement for Psychiatric Residential Treatment Facilities (PRTF). It also provides for an increase in the current rate for community-based transitional (CBT) programs from $190.97 per day to $220 per day.

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. As part of the review process the State was asked to provide information regarding funding of the State share of expenditures under Attachment 4.19-A. Based upon the assurances provided, we are pleased to inform you that Medicaid State plan amendment 10-16 is approved effective April 1, 2010. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Sandra Dasheiff, CPA at (214) 767-6490.

Sincerely,

[redacted]

Cindy Mann
Director
Center for Medicaid, CHIP, and Survey & Certification

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 10-16

2. STATE: Oklahoma

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
April 1, 2010

5. TYPE OF PLAN MATERIAL *(Check One)*

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS A NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION
42 CFR 440.160

7. FEDERAL BUDGET IMPACT
a. FFY 2010 See Attachment
b. FFY 2011 See Attachment

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Refer to Attachment

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Refer to Attachment

10. SUBJECT OF AMENDMENT
Reimbursement Methodology for Psychiatric Residential Treatment Facilities

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 does not review State Plan material.

12. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

13. TYPED NAME
Mike Fogarty

14. TITLE
Chief Executive Officer

15. DATE SUBMITTED
June 1, 2010

16. RETURN TO
Oklahoma Health Care Authority
Attn: Cindy Roberts
4545 N. Lincoln Blvd., Suite 124
Oklahoma City, OK 73105

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 1 June, 2010

18. DATE APPROVED: 8-24-10

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: APR - 1 2010

20. [redacted]

21. TYPED NAME: William Lasowski

22. TITLE: Deputy Director, CMCS

23. REMARKS:

ATTACHMENT TO SPA 10-16
OKLAHOMA

7. FEDERAL BUDGET IMPACT:

a. FFY 2010 for the 4.19-A pages ($1,102,290.09) (605,074.12)
FFY 2010 for the 4.19-B pages $ 497,215.97

b. FFY 2011 for the 4.19-A pages ($2,222,030.68) (1,219,727.24)
FFY 2011 for the 4.19-B pages $1,002,303.44

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT
Attachment 4.19-A, Page 33	Same Page, Revised 01-01-08, TN # 07-20
Attachment 4.19-A, Page 34	Same Page, Revised 01-01-08, TN # 07-20
Attachment 4.19-A, Page 35	Same Page, Revised 08-01-05, TN # 07-20
Attachment 4.19-A, Page 36	Same Page, Revised 01-01-08, TN # 07-20
Attachment 4.19-B, Page 13	Same Page, Revised 10-01-06, TN # 06-12

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES INPATIENT HOSPITAL SERVICES

16. Inpatient psychiatric facility services for individuals under age 21

16.a. Acute Level of Care

Private and Government hospitals will be paid in accordance with the methodologies described in Attachment 4.19-A of this plan.

16.b. Residential Level of Care (17 beds or more)

A. Definitions

"Institutions for Mental Diseases (IMDs)" means a hospital, nursing facility, or other institution of more than 16 beds primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services. Psychiatric hospitals (including State-operated and private psychiatric hospitals) and inpatient psychiatric residential treatment facilities (PRTFs) with more than 16 beds are IMDs.

"PRTF" means a non-hospital facility with a provider agreement with the Medicaid Agency to provide the inpatient services benefit to Medicaid-eligible individuals under the age of 21. The facility must be accredited by JCAHO or any other accrediting organization with comparable standards recognized by the State.

B. General

All Medicaid services furnished to individuals residing in an IMD are considered all-inclusive of the service, i.e., all medical services provided to residents of IMDs with more than 16 beds should be billed to the IMD.

C. Residential Peer Groups/Program Type

Payment for residential services is based on facility peer group and licensure standard as either a hospital or non-hospital. State licensure requires RN staffing 24 hours per day for hospitals.

Peer Group/Program Type	Definition
Non-Secure	Staff-secure PRTF services in a safe, structure setting, with continuous 24-hour observation and supervision.
Restrictive/Secure	Facility that is a physically secure locked environment. Depending on licensure, may be either hospital or PRTF.
Restrictive/Secure: Sexual Offender	Hospital or PRTF Sexual Offender Programs. May be either hospital or PRTF
Specialty	Hospital includes neuropsychiatric and eating disorder programs. Non-hospital includes PRTFs serving Reactive Attachment Disorder; and MR/MI.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES INPATIENT HOSPITAL SERVICES

16. Inpatient psychiatric facility services for individuals under age 21 (continued)

16.b. Residential Level of Care (continued)

D. Residential Level of Care Rates by Peer Group/Program Type for IMDs Effective 4/1/10

Peer Group/Program Type	Unit	Hospital	Non-Hospital
Non-Secure	Per Diem		$ 319.54
Restrictive/Secure	Per Diem	$ 345.05	$ 336.57
Restrictive/Secure: Sexual Offender	Per Diem	$ 345.05	$ 336.57
Specialty	Per Diem	$ 432.26	$ 400.05

E. Intensive Treatment Services (ITS) Add-on Per diem
An ITS per diem of $110.99 will be allowed for children requiring intensive staffing supports in Specialized programs. These services must be medically necessary, documented in the facilities' records, and prior authorized

F. Public providers
Public providers are paid in accordance with the methodology described in Attachment 4.19-B, page 13e.

G. Out of state services
Reimbursement for out-of-state placements shall be made in the same manner as in-state providers. In the event that comparable services cannot be purchased from an out-of-state provider, a rate may be negotiated that is acceptable to both parties. The rate will generally be the lesser of usual and customary charges or the Medicaid rate in the state in which services are provided. Reimbursement shall not be made for private PRTF services provided out of state unless the services are medically necessary, and are not available within the State and prior authorization has been granted.

STATE Oklahoma
DATE REC'D 6-1-10
DATE APP'VD 8-24-10
DATE EFF 4-1-10
HCFA 179 10-16

A

Revised 04-01-10

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES INPATIENT HOSPITAL SERVICES

16. Inpatient psychiatric facility services for individuals under age 21 with non-institutional payment made separately from per diem payment

16.b. Residential Level of Care (16 beds or less)

H. PRTFs with 16 beds or less

Effective for services provided on or after April 1, 2010, a predetermined per diem payment of $220.49 will be made for Community Based Transitional (CBT) programs. The CBT is a PRTF with 16 beds or less. Payment is made for room and board and the required treatment components (activities of daily living and rehabilitative services furnished by licensed mental health professionals). All other medical services are separately billable from the per diem on a fee schedule basis since this is not an IMD. The rate was developed from a market-based study.

State developed fee schedule rates are the same for both public and private providers. The fee schedule(s) and any annualized/period adjustments to the fee schedule are published on the agency website.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INPATIENT HOSPITAL SERVICES

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16. Inpatient psychiatric facility services for individuals under age 21 (continued)

16.b. Residential Level of Care (continued)

I. Outlier Intensity Adjustment

(A) An outlier payment adjustment may be made on a case by case basis for complex cases. The intent of the outlier payment is to promote access to PRTF care for those patients who require expensive care, and to limit the financial risk of PRTF's treating unusually costly patients.

(B) The outlier adjustment may be a short stay outlier adjustment or a high cost outlier adjustment.

(C) In order to be eligible for the short stay outlier adjustment:

1. The facility must submit an annual cost report in a format prescribed by the agency and request the outlier adjustment only upon the member's discharge; and
2. The total length of stay for the discharge must be less than 6 days.
3. The outlier adjustment will be the lessor of the following:
   a. 100% of the facility's cost; or
   b. 120% of the peer group per diem multiplied by the LOS.

(D) In order to be eligible for the high cost outlier adjustment:

1. The facility must submit an annual cost report in a format prescribed by the agency and request the outlier adjustment only upon the member's discharge; and
2. The outlier payment will be made if the facility's total cost of care exceeds 115% of the Medicaid payment.
3. The appropriate outlier amount will be determined by comparing the total cost and 115% of the Medicaid payment for the entire stay, and multiplying the difference by a loss sharing ratio of .20 to the facility and .80 to the state, if the stay is less than or equal to 90 days, and .40 to the facility and .60 to the state for a stay > 90 days.