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State/Territory Name: Oklahoma

State Plan Amendment (SPA) #: 12-10 NIRT

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Superseding Page Listing
- 4) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services (CMCS)

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

AUG 29 2012

RE: TN 12-10

Dear Dr. Splinter:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 12-10. This amendment provides for increases in payment rates for Nursing Facilities and Intermediate Care Facilities for the Mentally Retarded.

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-D. Based upon the assurances provided, Medicaid State plan amendment 12-10 is approved effective September 1, 2012. We are enclosing the CMS-179 and the amended plan pages.

If you have any questions, please call Tamara Sampson at (214) 767-6431 or Sandra Dasheiff, CPA at (214) 767-6490.

Sincerely,



Cindy Mann
Director
Center for Medicaid and CHIP Services

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER 1 2 - 1 0	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 September 1, 2012
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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 440.155	7. FEDERAL BUDGET IMPACT a. FFY 2012 3,226,109 b. FFY 2013 38,713,312
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT See Attachment	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) See Attachment
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10. SUBJECT OF AMENDMENT

Nursing Home & ICFMR Reimbursement Rate Change

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED The Governor does not review State
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Plan material.

12. SIGNATURE OF STATE AGENCY OFFICIAL 	16. RETURN TO Oklahoma Health Care Authority Attn: Cindy Roberts 2401 NW 23rd St., Suite 1A Oklahoma City, OK 73107
13. TYPED NAME Mike Fogarty	
14. TITLE Chief Executive Officer	
15. DATE SUBMITTED June 8, 2012	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED: AUG 29 2012
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: SEP - 1 2012	20. REGIONAL OFFICIAL:
21. TYPED NAME: Penny Thompson	22. TITLE: Deputy Director, CMCS
23. REMARKS:	

Attachment Oklahoma SPA 12-10

Box 8.

Attachment 4.19-D Page 3
Attachment 4.19-D Page 5
Attachment 4.19-D Page 11
Attachment 4.19-D Page 28
Attachment 4.19-D Page 41

Box 9.

Same Page, Revised 11-01-10, TN # 10-35
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**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
FOR NURSING FACILITIES**

STANDARD NURSING FACILITIES SERVING ADULTS (CONTD)

B. RATE SETTING PROCESS

Beginning July 1, 2007, the Oklahoma Health Care Authority uses the following method to adjust rates of payment for nursing facilities:

1. DEFINITIONS:

Base Rate Component is the rate in effect on June 30, 2005, defined as \$103.20 per day. Included in the base rate is the QOC Fee. Any changes to the Base Rate will be made through future Plan changes if required. For the rate period beginning September 01, 2012, the Base Rate will be \$106.29.

Direct Care Cost Component is defined as the component established based on each facilities relative expenditures for Direct Care which are those expenditures reported on the annual costs reports for salaries (including professional fees and benefits), for registered nurses, licensed practical nurses, nurse aides and certified medication aides.

Other Cost Component is defined as the component established based on monies available each year for all costs other than direct care and incentive payment totals, i.e. total allowable routine and ancillary costs (including capital and administrative costs) of nursing facility care less the Direct Care Costs and incentive payment totals..

Incentive Rate Component is defined as the component earned each quarter under the Focus on Excellence program.

Rate Period is defined as the period of time between rate calculations.

2. GENERAL:

The estimated total available funds will include the estimated savings or loss to the program as a result of the automatic cost of living adjustment on Social Security benefits as published in the federal register and the resulting effect to the spend-down required of the recipients. For Regular Nursing facilities, the effect is \$.32 per day for each one (1) percent change in the SSI determined from the average effect of SSI increases from CY 2004 to CY 2009.

Individual rates of payment will be established as the sum of the Base Rate plus add-ons for Direct Care, Other Costs and the incentive add-on earned under the Oklahoma Focus on Excellence Quality of Care Rating System.

A	
STATE	OKlaHoma
DATE RECD	6-22-2012
DATE APP'VD	AUG 29 2012
DATE EFF	9-1-2012
NOFA 179	12-10

Revised 09-01-12

TN# 12-10 Approval Date AUG 29 2012 Effective Date 9-1-2012

Supersedes TN # 10-35

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
FOR NURSING FACILITIES**

STANDARD NURSING FACILITIES SERVING ADULTS (CONTD)

For new facilities beginning operations in the current rate period, the rate will be the median of those established rates for the year.

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For the rate period beginning 07-01-07 the total available pool amount for establishing Rate Components for Direct Care and Other Costs as described in 1 and 2 was set at \$99,275,444.

For the rate period beginning 11/01/08, the total available pool amount for establishing the rate components' described in 1 and 2 was set at \$118,007,540.

For the rate period beginning 01/01/10, the total available pool amount for establishing the rate components described in 1 and 2 was set at \$115,979,147.

For the rate period beginning 04/01/10, the total available pool amount for establishing the rate components described in 1 and 2 was set at \$99,248,541.

For the rate period beginning 11/01/10, the total available pool amount for establishing the rate components described in 1 and 2 is \$97,607,577.

For the rate period beginning 01/01/12, the total available pool amount for establishing the rate components described in 1 and 2 is \$102,318,569.

For the rate period beginning 09/01/12, the total available pool amount for establishing the rate components described in 1 and 2 is \$147,230,204.

3. As of July 1, 2007 Nursing Facilities Serving Adults and Aids Patients were/are able to earn additional reimbursement for "points" earned in the Oklahoma Focus on Excellence Quality Rating Program.

For the period beginning 07-01-07, facilities participating in the Focus on Excellence Program will receive an incentive component equal to one percent (1%) of the sum of the Base Rate component plus the Other Component as defined above in this section. Participation is defined as having signed a contract amendment agreeing to participate and successfully remanding the required monthly data entry and annual surveys by the required time. Incomplete submissions and non-submissions are a breach and the facility will not receive bonus payments for those Quality Measurements not reported or reported incompletely, the Oklahoma Health Care Authority will have the final determination if a disagreement occurs as to whether the facility has successfully submitted the required data and surveys.

For the period beginning 01-01-08, the reimbursement was set at the following levels:

Participation and/or 1 to 2 Points earned level:

The add-on is set at 1 % of the sum of the Base Rate and the Other Component

3 to 4 points earned:

The add-on is set at 2% of the sum of the Base Rate and the Other Component

5 to 6 points earned:

The add-on is set at 3% of the sum of the Base Rate and the Other Component

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Supersedes TN # 11-10

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
FOR NURSING FACILITIES**

STANDARD NURSING FACILITY SERVING AIDS PATIENTS (CONTD)

B. RATE SETTING PROCESS

1. DEFINITIONS AND METHODOLOGY

Base Rate Component is the rate component representing the allowable cost of the services rendered in an aids nursing facility and for the period beginning 11-01-10 is \$178.64, the difference in the costs reported for aids facilities and regular nursing facilities plus the average rate for 11-01-10 for regular nursing facilities, not including the incentive payment component (\$193.79 less \$138.17 plus \$123.02); or \$178.64 per patient day. For the rate period beginning September 1, 2012, the Base Rate Component will be \$192.50.

- (A) 56 Okla. Stat. § 2002 requires that all licensed nursing facilities pay a statewide average per patient day *Quality of Care assessment fee* based on maximum percentage allowed under federal law of the average gross revenue per patient day. Gross revenues are defined as Gross Receipts (i.e. total cash receipts less donations and contributions). *The assessment is an allowable cost as it relates to Medicaid services and a part of the base rate component.*

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**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED**

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STATE <u>Okla</u>	DATE REC'D <u>6-22-2012</u>
DATE APP'VD <u>AUG 29 2012</u>	DATE EFF <u>9-1-2012</u>
NOFA <u>179</u>	<u>1210</u>

4.

Enhancements (continued)

3. Total specified staff salaries were multiplied by the employee benefits ratio calculated in 2 above, to determine allowable employee benefits.
4. Specified staff salaries and allowable employee benefits were summed and divided by total facility patient days to arrive at the base year allowable cost per diem.
5. The base year allowable cost per diem for each facility was trended forward by factors of 2.9 percent and 3.1 percent.
6. An adjustment of \$4.20 per day was added to the trended base year costs to arrive at the target rate for each facility.
7. For facilities demonstrating compliance for two consecutive quarters as of June 30, 2000, the reporting requirement is waived. Facilities not in compliance or not participating at July 1, 2000, may not participate in the program and receive the enhanced rate adjustment of \$4.20. New facilities and facilities under new ownership may participate in the wage enhancement program and will be subject to the compliance requirements of the program. As of July 1, 2007 the adjustment for wage enhancement will be applied to 100% of the facilities due to 100% compliance in expenditure levels and due to the adjustments in 6 below.

5.

RATE ADJUSTMENTS BETWEEN REBASING PERIODS

Beginning January 1, 2010, the rates will be adjusted annually on January 1, in an amount equal to the estimated savings or loss to the program as a result of the automatic cost of living adjustment on Social Security benefits as published in the Federal Register and the resulting effect to the spend-down required of the recipients. The estimated total funds will include the estimated savings or loss to the program as a result of the automatic cost of living adjustment on Social Security benefits as published in the federal register and the resulting effect to the spend-down required of the recipients. For Standard Private Intermediate Care Facilities for the Mentally Retarded (ICFs/MR) the effect is \$.22 per day for each one (1) percent change in the SSI determined from the average effect of SSI increases from CY 2004 to CY 2009.

6. For the rate period beginning July 1, 2006, the statewide rate will be increased by 10.32%.
7. For the rate period beginning July 1, 2008, the statewide rate will be increased by 4.57%.
8. For the rate period beginning April 1, 2010, the statewide rate will be decreased by 2.81%.
9. For the rate period beginning September 1, 2012, the statewide rate will be increased by 1.93%.

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**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED**

5. RATE ADJUSTMENTS BETWEEN REBASING PERIODS

Beginning January 1, 2010, the rates will be adjusted annually on January 1, in an amount equal to the estimated savings or loss to the program as a result of the automatic cost of living adjustment on Social Security benefits as published in the Federal Register and the resulting effect to the spend-down required of the recipients. The estimated total funds will include the estimated savings or loss to the program as a result of the automatic cost of living adjustment on Social Security benefits as published in the federal register and the resulting effect to the spend-down required of the recipients. For Specialized Private Intermediate Care Facilities for the Mentally Retarded 16 Bed or Less, the effect is \$.20 per day for each one (1) percent change in the SSI determined from the average effect of SSI increases from CY 2004 to CY 2009.

- 6. For the rate period beginning July 1, 2006, the statewide rate will be increased by 10.90%.
- 7. For the rate period beginning July 1, 2008, the statewide rate will be increased by 3.90%
- 8. For the rate period beginning April 1, 2010, the statewide rate will be decreased by 2.93%.
- 9. For the rate period beginning September 1, 2012, the statewide rate will be increased by 1.86%.

The state has in place a public process which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.

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