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State/Territory Name: Oklahoma

State Plan Amendment (SPA) #: 19-0025

This file contains the following documents in the order listed:

- 1) Status Memo from CO NIRT
- 2) Approval Letter
- 3) CMS 179 Form
- 4) Approved Page

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



Financial Management Group

December 5, 2019

Dear State Medicaid Director:

Enclosed is a revised approval package for State Plan Amendment OK 19-0025. The revised package includes added plan page. If you have any questions please contact Tamara Sampson at (214) 767-6431.

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



Financial Management Group

November 19, 2019

Kevin S. Corbett
Chief Executive Officer
4345 N. Lincoln Blvd.
Oklahoma City, Oklahoma 73105

Our Reference: SPA OK 19-0025

Dear Mr. Corbett:

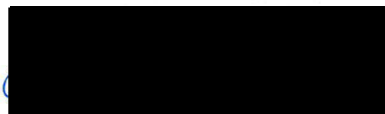
We have reviewed the proposed State plan amendment (SPA) to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 19-0025. This amendment proposes to increase the nursing facility pool amounts, base rate components for nursing facilities serving adults and Aids patients.

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.

Based upon the information provided by the State, Medicaid State plan amendment 19-0025 is approved effective July 1, 2019. We are enclosing the Form CMS-179 and the new plan pages.

If you have any questions, please call Tamara Sampson at (214) 767-6431.

Sincerely,



Kristin Fan
Director

cc:
Tia Lyles
Tamara Sampson

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER

1 9 — 0 0 25

2. STATE

Oklahoma

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

4. PROPOSED EFFECTIVE DATE

July 1, 2019

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
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

42 CFR 440.155

7. FEDERAL BUDGET IMPACT

a. FFY 2019 \$ 553,238

b. FFY 2020 \$ 2,212,954

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-D, Page 1
Attachment 4.19-D, Page 3
Attachment 4.19-D, Page 5
Attachment 4.19-D, Page 11

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 4.19-D, Page 1; TN # 10-35
Attachment 4.19-D, Page 3; TN # 18-28
Attachment 4.19-D, Page 5; TN # 18-28
Attachment 4.19-D, Page 11; TN # 18-28

10. SUBJECT OF AMENDMENT

Yearly rebasing of nursing facility rates

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT

OTHER, AS SPECIFIED

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME

Melody Anthony

14. TITLE

State Medicaid Director

15. DATE SUBMITTED

August 30, 2019

16. RETURN TO

Oklahoma Health Care Authority

Attn: Maria Maule

4345 N. Lincoln Blvd.

Oklahoma City, OK 73105

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

August 30, 2019

18. DATE APPROVED

NOV 19 2019

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

July 1, 2019

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME

Kristin Fan

22. TITLE

Director, FMO

23. REMARKS

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

STANDARD NURSING FACILITY SERVING ADULTS

Prospective rates of payment shall be reviewed, at a minimum, annually for Oklahoma nursing facilities serving adults (NF's). The rates in effect will be determined pursuant to these methods and standards and approved by the Oklahoma Health Care Authority Board in advance of the rate periods. The rates are established based on analyses of cost reports and other relevant cost information, the use of national and, where appropriate, Oklahoma-specific trends in costs, including trends in salary levels and changes in minimum wage levels, analyses of the economic impact of changes in law or regulations, and discussions with recognized representatives of the nursing home industry.

The rates are at, or above, the level that the Oklahoma Health Care Authority (OHCA) finds reasonable and adequate to reimburse the costs that must be incurred by economically and efficiently operated facilities to the extent specified by 42 U.S.C. Section 1396a(a)(13)(A).

If payments exceed the Upper Payment Level (UPL) in aggregate, the OHCA will recoup payments proportionate to the nursing facility's contribution to the amount exceeding the UPL.

A. COST ANALYSES

The Oklahoma Health Care Authority (OHCA) is principally responsible for implementing the Medicaid (SoonerCare) program in Oklahoma. OHCA staff will prepare necessary analyses to support the rate determination process. Part of the process will be to analyze the costs as reported by the facilities.

1. UNIFORM COST REPORTS

Each SoonerCare participating nursing facility must submit, on uniform cost reports designed by the Authority, cost and related statistical information necessary for rate determinations.

a. **Reporting Period.** Each nursing facility must prepare the cost report to reflect the allowable costs of services provided during the immediately preceding fiscal year ending June 30. Where the ownership or operation is commenced, a fractional year report is required for each period of time the NF was in operation during the year.

b. **Reporting Deadline.** The report must be filed by October 31 of each following year. Extensions of not more than 15 days may be granted on a showing of just cause.

c. **Accounting Principles.** The report must be prepared on the basis of generally accepted accounting principles and the accrual basis of accounting, except as otherwise specified in the cost report instructions.

d. **Signature.** The cost report shall be signed by an owner, partner or corporate officer of the NF, by an officer of the company that manages the NF, and by the person who prepared the report, either physically or through use of the secure website reporting system.

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Date Effective: July 1, 2019
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Revised 07-01-19

TN# 19-0025

Approval Date NOV 19 2019

Effective Date 7-1-2019

Supersedes TN # 10-35

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

STANDARD NURSING FACILITIES SERVING ADULTS (continued)

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. For the rate period beginning July 1, 2013, the Base Rate will be \$107.24. For the rate period beginning July 1, 2016, the Base Rate will be \$107.57 per patient day. For the rate period beginning July 1, 2017, the Base Rate will be \$107.79 per patient day. For the rate period beginning July 1, 2018, the Base Rate will be \$107.98 per patient day. For the rate period beginning October 1, 2018, the Base Rate will be \$108.12 per patient day. For the rate period beginning July 1, 2019, the Base Rate will be \$108.31 per patient day.

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.

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**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
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STANDARD NURSING FACILITIES SERVING ADULTS (continued)

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

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.

For the rate period beginning 07/01/13, the total available pool amount for establishing the rate components described in 1 and 2 is \$162,205,189.

For the rate period beginning 07/01/14, the total available pool amount for establishing the rate components described in 1 and 2 is \$158,391,182.

For the rate period beginning 07/01/16, the total available pool amount for establishing the rate components described in 1 and 2 is \$158,741,836.

For the rate period beginning 07/01/17, the total available pool amount for establishing the rate components described in 1 and 2 is \$160,636,876.

For the rate period beginning 07/01/18, the total available pool amount for establishing the rate components described in 1 and 2 is \$158,938,847.

For the rate period beginning 10/01/18, the total available pool amount for establishing the rate components described in 1 and 2 is \$174,676,429.

For the rate period beginning 07/01/19, the total available pool amount for establishing the rate components described in 1 and 2 is \$186,146,037.

- 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 (1) percent 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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**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
FOR NURSING FACILITIES**

STANDARD NURSING FACILITY SERVING AIDS PATIENTS (continued)

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 November 1, 2010 is \$178.64, the difference in the costs reported for aids facilities and regular nursing facilities plus the average rate for November 1, 2010 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. For the rate period beginning July 1, 2013, the Base Rate Component will be \$196.95. For the rate period beginning July 1, 2014, the Base Rate Component will be \$197.49. For the rate period beginning July 1, 2016, the Base Rate Component will be \$199.19 per patient day. For the rate period beginning July 1, 2017, the Base Rate Component will be \$200.01 per patient day. For the rate period beginning July 1, 2018, the Base Rate Component will be \$201.32 per patient day. For the rate period beginning October 1, 2018, the Base Rate Component will be \$207.86 per patient day. For the rate period beginning July 1, 2019, the Base Rate Component will be \$209.50 per patient day.

- (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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