

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



Financial Management Group

David Simnitt, Interim State Medicaid Director
Oregon Health Authority
500 Summer Street Northeast, E-49
Salem, Oregon 97301-1079

JUL 10 2018

RE: OR State Plan Amendment (SPA) Transmittal Number #18-0005 – Approval

Dear Mr. Sherwood:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 18-0005. This SPA sunsets the nursing facility bed reduction process as of June 30, 2018, and sets the nursing facility reimbursement at the 62nd percentile of allowable costs for the period July 1, 2018 to June 30, 2026.

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. We are pleased to inform you that Medicaid State plan amendment 18-0005 is approved effective as of July 1, 2018. For your files, we are enclosing the HCFA-179 transmittal form and the amended plan pages.

If you have any questions concerning this state plan amendment, please contact Tom Couch, CMS' RO NIRT Representative at 208-861-9838 or Thomas.Couch@cms.hhs.gov.

Sincerely,



Kristin Fan
Director

Enclosures

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

1. TRANSMITTAL NUMBER:
18-0005

2. STATE
Oregon

FOR: HEALTH CARE FINANCING ADMINISTRATION

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

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
7/1/18

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 447 Subpart C

7. FEDERAL BUDGET IMPACT:
a. FFY 2018 \$ 0
b. FFY 2019 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D, Part 1, page 11, 12

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19-D, Part 1, page 11, 12

10. SUBJECT OF AMENDMENT: This transmittal is being submitted to revise the nursing facility rate from the 61st percentile of allowable costs to the 62nd percentile of allowable costs.

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 wish to review any plan materials.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: David Simmitt

14. TITLE: Interim State Medicaid Director, OHA

15. DATE SUBMITTED: 5/21/18

16. RETURN TO:

Oregon Health Authority
Medical Assistance Programs
500 Summer Street NE E-65
Salem, OR 97301

ATTN: Jesse Anderson, State Plan Manager

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED: JUL 10 2018

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
JUL 01 2018

21. TYPED NAME: Kristin Fan

20. SIGNATURE OF REGIONAL OFFICIAL: [Redacted]
22. TITLE: Director, FMCA

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State/Territory: OREGON

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

For each facility, its allowable costs, less the costs of its self-contained pediatric unit (if any) is inflated from the mid-point of its fiscal reporting period to the mid-point of the following fiscal year, by projected changes in the DRI* Index.

For each facility, its Allowable Costs Per Medicaid Day is determined using the allowable costs as inflated and resident days excluding days in a self-contained pediatric unit as reported in the Statement.

- b. Complex Medical Needs Add-on Rate. The Complex Medical Needs Add-on Rate is 40 percent of the Basic Rate.
2. For the period beginning July 1, 2007 through June 30, 2016, the Rate is set at the 63rd percentile of allowable costs (both direct and indirect).
 3. Nursing facility bed capacity in Oregon shall be reduced by 1,500 beds by December 31, 2015, except for bed capacity in nursing facilities operated by the Department of Veteran's Affairs and facilities that either applied to the Oregon Health Authority for a certificate of need between August 1, 2011 and December 1, 2012, or submitted a letter of intent under ORS 442.315(7) between January 15, 2013 and January 31, 2013. An official bed count measurement shall be determined and issued by the Department prior to July 1, 2016 and each quarter thereafter if the goal of reducing the nursing facility bed capacity in Oregon by 1,500 beds is not achieved.
 - a. (a) For the period beginning July 1, 2013 and ending June 30, 2016, the Department shall reimburse costs as set forth in section (1) of this rule at the 63rd percentile.
 - b. For each three-month period beginning on or after July 1, 2016 and ending June 30, 2018, in which the reduction in bed capacity in licensed facilities is less than the goal described in this section, the Department shall reimburse costs at a rate not lower than the percentile of allowable costs according to the following schedule:
 - (A) 63rd percentile for a reduction of 1,500 or more beds.
 - (B) 62nd percentile for a reduction of 1,350 or more beds but less than 1,500 beds.
 - (C) 61st percentile for a reduction of 1,200 or more beds but less than 1,350 beds.

* DRI compiled from *the IHA Economics, Healthcare Cost Review Report*, Table 6.7 titled "CMS Nursing Home without Capital Market Basket"

TN 18-0005

Approval Date JUL 10 2018 Effective Date: 7/1/18

Supersedes TN 16-0004

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State/Territory: OREGON

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

(D) 60th percentile for a reduction of 1,050 or more beds but less than 1,200 beds.

(E) 59th percentile for a reduction of 900 or more beds but less than 1,050 beds.

(F) 58th percentile for a reduction of 750 or more beds but less than 900 beds.

(G) 57th percentile for a reduction of 600 or more beds but less than 750 beds.

(H) 56th percentile for a reduction of 450 or more beds but less than 600 beds.

(I) 55th percentile for a reduction of 300 or more beds but less than 450 beds.

(J) 54th percentile for a reduction of 150 or more beds but less than 300 beds.

(K) 53rd percentile for a reduction of 1 to 149 beds.

4. For the period beginning July 1, 2018 through June 30, 2026, the rate is set at the 62nd percentile of allowable costs (both direct and indirect).

B. Quality and Efficiency Incentive Program.

The Quality and Efficiency Incentive Program is designed to reimburse quality nursing facilities that voluntarily reduce bed capacity. This design increases statewide occupancy levels and enhances efficiency with the goal of slowing the growth of system-wide costs. As a result of the increased occupancy rates, nursing facilities that participate are likely to increase staffing levels and consolidate resources to improve the quality of care.

Only nursing facilities that meet strict quality criteria are eligible. A quality/qualifying nursing facility must have evidence of compliance with nursing facility regulations such that the health, safety or welfare of residents is or was not jeopardized. A quality nursing facility is determined eligible by multiple components including being a licensed facility by the Department, being in substantial compliance with annual licensing and recertification surveys and having no substantiated facility abuse within the preceding six months.