

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
150 S. Independence Mall West  
Suite 216, The Public Ledger Building  
Philadelphia, Pennsylvania 19106-3499



**Region III/Division of Medicaid and Children's Health Operations**

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SWIFT #092520124017

MAY 09 2013

Cynthia B. Jones, Director  
Department of Medical Assistance Services  
600 East Broad Street, Suite 1300  
Richmond, VA 23219

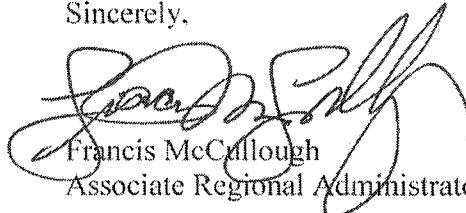
Dear Ms. Jones:

We have reviewed State Plan Amendment (SPA) 12-12, 2012 Non-Institutional Reimbursement Methodology Changes in which you propose to amend the State Plan to eliminate the inflation adjustment for home health agency rates and outpatient rehabilitation agencies in FY 2013 and FY 2014. The SPA does not reduce rates but rather carries them forward from the prior period without an inflation increase. The reduction in Federal impact is reflective of the payments if the inflation factors had been implemented.

This SPA is acceptable. Therefore, we are approving SPA 12-12 with an effective date of July 1, 2012. Enclosed are the approved SPA pages and signed CMS-179 form.

If you have further questions about this SPA, please contact Margaret Kosherzenko of my staff at 215-861-4288.

Sincerely,



Francis McCullough  
Associate Regional Administrator

Enclosures