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State Name: Virginia

State Plan Amendment (SPA) #: 14-015

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Page

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

DEC 05 2014

Ms. Cynthia B. Jones, Director
Commonwealth of Virginia
Department of Medical Assistance Services
600 East Broad Street, #1300
Richmond, VA 23219

RE: State Plan Amendment 14-015

Dear Ms. Jones:

We have completed our review of State Plan Amendment (SPA) 14-015. This SPA modifies Attachment 4.19-A of Virginia's Title XIX State Plan. Specifically, SPA 14-015 continues the elimination of inflation by setting the inflation factor applied to operating rates equal to 0.0%.

We conducted our review of this SPA according to the statutory requirements at sections 1902(a)(3), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving Medicaid State plan amendment 14-015 with an effective date of July 1, 2014. Enclosed are the HCFA-179 and the amended plan pages.

If you have any questions, or require additional information, please call Gary Knight at (304) 347-5723.

Sincerely,

/S/

Timothy Hill
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER 1 4 - 1 5	2. STATE Virginia
	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 July 1, 2014	

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 Part 447	7. FEDERAL BUDGET IMPACT a. FFY 2014 \$ (4,088,838) b. FFY 2015 \$ (12,280,515)
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-A, p. 13 of 23.	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Same page

10. SUBJECT OF AMENDMENT
No Inflation Adjustment for Inpatient Hospital Services

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
Secretary of Health and Human Resources

12. SIGNATURE /S/	16. RETURN TO Dept. of Medical Assistance Services 600 East Broad Street, #1300 Richmond VA 23219 Attn: Regulatory Coordinator
13. TYPED NAME Cynthia B. Jones	
14. TITLE Director	
15. DATE SUBMITTED 8/26/2014	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED 09/26/2014	18. DATE APPROVED DEC 05 2014
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL JUL 01 2014	20. SIGNATURE OF REGIONAL OFFICIAL /S/
21. TYPED NAME Kristin FAN	22. TITLE Deputy Director, FMC

23. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-INPATIENT SERVICES

12 VAC 30-70-351. Updating rates for inflation.

- A. Each July, the Virginia moving average values as compiled and published by Global Insight (or its successor), under contract with the department shall be used to update the base year standardized operating costs per case, as determined in 12VAC30-70-361, and the base year standardized operating costs per day, as determined in 12VAC30-70-371, to the midpoint of the upcoming state fiscal year. The most current table available prior to the effective date of the new rates shall be used to inflate base year amounts to the upcoming rate year. Thus, corrections made by Global Insight (or its successor), in the moving averages that were used to update rates for previous state fiscal years shall be automatically incorporated into the moving averages that are being used to update rates for the upcoming state fiscal year.
- B. The inflation adjustment for hospital operating rates, disproportionate share hospitals (DSH) payments, and graduate medical education payments shall be eliminated for fiscal year (FY) 2010, with the exception of long stay hospitals.
- C. In FY 2011, hospital operating rates shall be rebased; however the 2008 base year costs shall only be increased 2.58% for inflation. For FY 2011 there shall be no inflation adjustment for graduate medical education (GME) or freestanding psychiatric facility rates. The inflation adjustment shall be eliminated for hospital operating rates, GME payments, and freestanding psychiatric facility rates for FY 2012. The inflation adjustment shall be 2.6 percent for inpatient hospitals, including hospital operation rates, GME payments, DSH payments, and freestanding psychiatric facility rates for FY 2013 and 0.0 percent for the same facilities for FY 2014 and FY 2015.

12 VAC 30-70-360. Repealed.

12 VAC 30-70-361. Base year standardized operating costs per case.

- A. For the purposes of calculating the base year standardized operating costs per case, base year claims data for all DRG cases, including outlier cases, shall be used. Base year claims data for per diem cases shall not be used. Separate base year standardized operating costs per case shall be calculated for Type One and Type Two hospitals. In calculating the base year standardized operating costs per case, a transfer case shall be counted as a fraction of a case based on the ratio of its length of stay to the arithmetic mean length of stay for cases assigned to the same DRG as the transfer case.

TN No. 14-15
Supersedes
TN No. 12-11

Approval Date DEC 05 2014

Effective Date 07/01/14