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State Name: Virginia

State Plan Amendment (SPA) #: 17-020

This file contains the following documents in the order listed:

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

SWIFT #100320174031

November 30, 2017

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

Dear Ms. Jones:

The Centers for Medicare & Medicaid Services (CMS) has reviewed Virginia's State Plan Amendment (SPA) 17-020, 2017 Non-Institutional Reimbursement Changes. SPA 17-020 proposes no outpatient hospital inflation adjustment for state fiscal year 2018 with the exception of 100% of inflation to the Children's Hospital of the King's Daughters. This SPA will also limit inflation to 50% of the inflation factor for home health and outpatient rehabilitation facilities.

This SPA is acceptable. Therefore, we are approving SPA 17-020 with an effective date of July 1, 2017. 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,

/S/

Francis McCullough
Associate Regional Administrator

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 17-020
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, 2017

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 2017 $ (166,870.00)
b. FFY 2018 $ (645,319.00)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attach. 4.19-B, page 7.2.3, Sup. 3, Attach 4.19-B, page 2; and Sup. 5, Attach. 4.19-B, page 2.

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*: Same pages

10. SUBJECT OF AMENDMENT: 2017 Non-Institutional Reimbursement Changes

11. GOVERNOR'S REVIEW *(Check One)*

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT 2017
☐ 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 OF STATE AGENCY OFFICIAL: /S/ [redacted]

13. TYPED NAME: Cynthia B. Jones

14. TITLE: Director

15. DATE SUBMITTED: 9/5/17

16. RETURN TO

Dept. of Medical Assistance Services
600 East Broad Street, #1300
Richmond VA 23219

Attn: Regulatory Coordinator

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: September 29, 2017

18. DATE APPROVED: November 30, 2017

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2017

20. SIGNATURE OF REGIONAL OFFICIAL: /S/

21. TYPED NAME: Francis McCullough

22. TITLE: Associate Regional Administrator

23. REMARKS

FORM CMS-179 (07/92)

Instructions on Back

Save

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATE-
OTHER TYPES OF CARE

a. The inflation adjustment for state fiscal year 2017 shall be 50% of the full inflation adjustment calculated according to this section with the exception of 100% of inflation to the Children's Hospital of King's Daughters. There shall be no inflation adjustment for state fiscal year 2018 with the exception of 100% of inflation to the Children's Hospital of King's Daughters.

5. Hospital-specific base rate. The hospital-specific base rate per case shall be adjusted for geographic variation. The hospital-specific base rate shall be equal to the labor portion of the statewide base rate times the hospital's Medicare wage index plus the nonlabor percentage of the statewide base rate. The labor percentage shall be determined at each rebasing based on the most recent reliable data. For rural hospitals, the hospital's Medicare wage index used to calculate the base rate shall be the Medicare wage index of the nearest metropolitan wage area or the effective Medicare wage index, whichever is higher. A base rate differential of 5 percent shall be established for freestanding Type Two children's hospitals. The base rate for non cost-reporting hospitals shall be the average of the hospital-specific base rates of instate Type Two hospitals.

6. The total payment shall represent the total allowable amount for a visit including ancillary services and capital.

7. The transition from cost-based reimbursement to EAPG reimbursement shall be transitioned over a three and half-year period. DMAS shall calculate a cost-based base rate at January 1, 2014, and at each rebasing during the transition.

(a) Effective for dates of service on or after January 1, 2014, DMAS shall calculate the hospital-specific base rate as the sum of 75 percent of the cost-based base rate and 25 percent of the EAPG base rate.
b) Effective for dates of service on or after July 1, 2014, DMAS shall calculate the hospital-specific base rate as the sum of 50 percent of the cost-based base rate and 50 percent of the EAPG base rate.
c) Effective for dates of service on or after July 1, 2015, DMAS shall calculate the hospital-specific base rate as the sum of 25 percent of the cost-based base rate and 75 percent of the EAPG base rate.
d) Effective for dates of service on or after July 1, 2016, DMAS shall calculate the hospital-specific base rate as the EAPG base rate.

8. To maintain budget neutrality during the first six years, DMAS shall compare the total reimbursement of hospitals claims based on the parameters in subdivision 3 of this subsection to EAPG reimbursement every six months based on the six months of claims ending three months prior to the potential adjustment. If the percentage difference between the reimbursement target in subdivision 3 of this subsection and EAPG reimbursement is greater than 1 percent, plus or minus, DMAS shall adjust the statewide base rate by the percentage difference the following July 1 or January 1. The first possible adjustment would be January 1, 2015, using reimbursement between January 1, 2014, and October 31, 2014.

C. The Enhanced Ambulatory Patient Group (EAPG) grouper version used for outpatient hospital services shall be determined by DMAS. Providers or provider representatives shall be given notice prior to implementing a new grouper. Except as otherwise noted in the plan, the state-approved EAPG grouper version is the same for both governmental and private providers of outpatient hospital services. The EAPG grouper version was set as of January 1, 2014 and is effective for services provided on or after that date. The grouper version is published at http://www.dmas.virginia.gov/Content pgs/pr-eapg.aspx.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -- OTHER TYPES OF CARE ESTABLISHMENT OF RATE PER VISIT

2. The HHA's peer group median rate per visit for each peer group at July 1, 1991, shall the interim peer group rate for calculating the update through January 1, 1992. The interim peer group rate shall be updated by 100 percent of historical inflation from July 1, 1991, through December 31, 1992, and shall become the final interim peer group rate which shall be updated by 50 percent of the forecasted inflation to the end of December 31, 1993, to establish the final peer group rates. The lower of the final peer group rates or the Medicare upper limit at January 1, 1993, will be effective for payments from July 1, 1993, through December 1993.

3. Separate rates shall be provided for the initial assessment, follow-up, and comprehensive visits for skilled nursing and for the initial assessment and follow-up visits for physical therapy, occupational therapy, and speech therapy. The comprehensive rate shall be 200 percent of the follow-up rate, and the initial assessment rates shall be $15.00 higher than the follow-up rates. The lower of the peer group median or Medicare upper limits shall be adjusted as appropriate to assure budget neutrality when the higher rates for the comprehensive and initial assessment visits are calculated.

D. The fee schedule shall be adjusted annually on or about July 1, 2010, based on the percent of change in the moving average of Data Resources, Inc., National Forecast Tables for the Home Health Agency Market Basket published by Global Insight (or its successor) for the second quarter of the calendar year in which the fiscal year begins. The report shall be the latest published report prior to the fiscal year. The method to calculate the annual update shall be:

1. All subsequent year peer group rates shall be calculated utilizing the previous final interim peer group rate established on July 1.

2. The annual July 1 update shall be compared to the Medicare upper limit per visit in effect on each January 1, and the HHA's shall receive the lower of the annual update or the Medicare upper limit per visit as the final peer group rate.

E. Effective July 1, 2009, the previous inflation increase effective January 1, 2009, shall be reduce by 50 percent.

F. Effective July 1, 2010, through June 30, 2016, there shall be no inflation adjustment for home health agencies. Effective July 1, 2017 through June 30, 2018, the annual fee schedule adjustment for inflation shall be reduced by 50%.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of VIRGINIA
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -- OTHER TYPES OF CARE ESTABLISHMENT OF RATE PER VISIT

12 VAC 30-80-200. Prospective reimbursement.....(continued)

C. Beginning with state fiscal years beginning on or after July 1, 2010, rates shall be adjusted annually for inflation using the Virginia-specific nursing home input price index contracted for by the agency. The agency shall use the percent moving average for the quarter ending at the midpoint of the rate year from the most recently available index prior to the beginning of the rate year.

D. Reimbursement for physical therapy, occupational therapy, and speech-language therapy services shall not be provided for any sums that the rehabilitation provider collects, or is entitled to collect, from the nursing facility or any other available source, and provided further, that this amendment shall in no way diminish any obligation of the NF to DMAS to provide its residents such services as set forth in any applicable provider agreement.

E. Effective July 1, 2010 through June 30, 2016, there will be no inflation adjustment for outpatient rehabilitation facilities. Effective July, 2017 through June 30, 2018, outpatient rehabilitation facilities will receive a rate adjustment equal to 50% of inflation as calculated in Section C.

Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private individual practitioners. Fee schedule and any annual/periodic adjustments to the fee schedule as described in the State Plan are published on the agency's website at www.dmas.virginia.gov.