



Financial Management Group

MAR 01 2016

Ms. Cindy Beane, MSW, LCSW, Acting Commissioner
Bureau for Medical Services
WV Department of Health and Human Resources
350 Capitol Street, Room 251
Charleston, WV 25301-3706

RE: State Plan Amendment (SPA) 15-0009

Dear Ms. Beane:

We have completed our review of State Plan Amendment (SPA) 15-0009. This amendment modifies the State's methods and standards for setting payment rates for nursing facility services. Specifically, this amendment reduces the growth in rates for nursing facility services.

We conducted our review of this amendment according to the statutory requirements at sections 1902(a)(3), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are approving Medicaid State plan amendment 15-0009 with an effective date of October 1, 2015. We are enclosing the HCFA-179 and the amended plan pages.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Kristin Fan", is written over a horizontal line.

Kristin Fan
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: 1 5 - 0 0 9	2. STATE: West Virginia
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE October 1, 2015	
5. TYPE OF PLAN MATERIAL (Check One) <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 USC 1396a(a)(13)(A)		7. FEDERAL BUDGET IMPACT: a. FFY 2016 \$ <u>\$3,700,000 (Savings)</u> b. FFY _____ \$ <u>0</u>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D-1, Page number 7 and 9		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable). Attachment 4.19-D-1, Page numbers 7 and 9	
10. SUBJECT OF AMENDMENT: Non-State-Owned Nursing Facilities (Excluded State-Owned Facilities)			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: <i>Tony Atkins</i>		16 RETURN TO: Bureau for Medical Services 350 Capitol Street Room 251 Charleston West Virginia 25301	
13. TYPED NAME: Tony Atkins			
14. TITLE: Deputy Commissioner			
15. DATE SUBMITTED: 12/28/2015			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED		18. DATE APPROVED MAR 01 2016	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT 01 2015		20. SIGNATURE OF REGIONAL OFFICIAL: <i>Kristen Fan</i>	
21. TYPED NAME: Kristen Fan		22. TITLE: Director, FMC	
23. REMARKS:			

4.19 Payments for Medical and Remedial Care and Services

Methods and Standards for Determining Payment Rates for Non-State-Owned Nursing Facilities – (Excludes State-Owned Facilities)

care or cost effective measures which do not compromise patient care.

d. Appraisal Technique

A complete appraisal of each new facility may be performed as required by the Department after certification and approval for Medicaid program participation by a qualified appraisal firm under contract with the Department. Updates of the initial appraisal may be performed annually prior to the October rate setting period. Updates may be performed at any time during the annual period when there have been major changes to the bed size of the facility and such changes would affect the SAV for rate purposes. Prior to rate setting, the updated appraisals will be indexed to June 30, as a common point valuation, based on the Consumer Price Index.

A copy of the facility appraisal report is furnished to the facility for its records.

5. Compensation

Compensation to be allowed must be reasonable for services' that are necessary, related to patient care and pertinent to the operation of the facility. The services must actually be performed and paid in full less any withholding required by law. The hours worked and compensation must be documented and reported to all appropriate State and Federal authorities for income tax, Social Security, and unemployment compensation purposes.

Reasonable means that the compensation must be comparable for the same services provided by facilities in the bed ranges. If the services are provided less than full time, the compensation must reflect this fact. Full time is considered approximately 2,080 hours per year worked in patient-related duties.

Compensation must include the total benefit paid for the services rendered; i.e., fees, salaries, wages, payroll taxes, fringe benefits, and other increments paid to or for the benefit of those providing the services.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West Virginia

Attachment 4.19-D-1

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4.19 Payments for Medical and Remedial Services

Methods and Standards for Determining Payment Rates for Non-State-Owned Nursing Facilities – (Excludes State-Owned Facilities)

Cost for purchases of any items or services from related companies or organizations will be allowed at the actual cost of providing the service or the price of comparable services purchased elsewhere, whichever is less.

III. Rate Determination

Individual facility rates are established on a prospective basis, based on licensed beds, considering cost to be expected and allowable during the rate period. The rate is not subject to retrospective revision. This does not exclude corrections for errors or omissions of data, reconciliation of audit findings related to falsification or misreporting costs, or incorrect reporting of census or costs. The basic vehicle for arriving at each facility's rate is the uniform Financial and Statistical Report.

The reported costs are subject to desk audit and then converted to rates per patient day. Rates will be in effect for six-month (6) periods beginning April 1 and October 1 based on each facility's reported costs and adjustments for the applicable reporting period.

Effective October 1, 2015, the Bureau will reduce the October 2015 rates by \$2.75 per patient day as a cost savings measure. The \$2.75 per patient day rate reduction will be in effect for the period October 1, 2015 thru June 30, 2016. The facility appraisal process was waived for the October 2015 rate setting methodology. The April 2016 rates will become effective July 1, 2016. All other long term care nursing facility regulations, policies and procedures will remain in effect throughout the freeze period unless otherwise modified through general updating practices.

A. Cost Adjustment

Reported facility costs are subject to review and analysis through desk audit. Adjustments are made to exclude non-allowable costs and by application of the agency's established cost standards using the following methodologies:

1. Standard Services

Reported allowable costs in the standard services area are compared against the cost ceiling for standard services using the appropriate bed range for the facility or facility class. If the allowable reported cost exceeds the cost ceiling then the facility rate is limited to the ceiling.

TN No: _____ Approval Date: MAR 01 2016 Effective Date: Oct. 1, 2015
Supersedes: 05-10

cc: Ryan M. Sims, WVDHHR

bcc: Fran McCullough, ARA, Philadelphia RO
Raj Verma, Acting Manager, FMB Branch, Philadelphia RO
Sabrina Tillman-Boyd, Manager, PMB Branch, Philadelphia RO
Gary Knight – NIRT, Philadelphia RO
Lisa Carroll – CO NIRT
NIRT Official file