

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-14-28  
Baltimore, Maryland 21244-1850



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**Financial Management Group**

December 22, 2021

Jacey K. Cooper  
Chief Deputy Director, Health Care Programs  
California Department of Health Care Services  
P.O. Box 997413, MS 0000  
Sacramento, CA 95899-7413

RE: California State Plan Amendment Transmittal Number 21-0060

Dear Ms. Cooper:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number 21-0060. Effective August 1, 2021, this amendment revises the reimbursement rate methodology for Intermediate Care Facilities for the Developmentally Disabled (ICF/DD), ICF/DD-Habilitative (ICF/DD-H), and ICF/DD-Nursing (ICF/DD-N).

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. This is to inform you that Medicaid State plan amendment 21-0060 is approved effective August 1, 2021. The CMS-179 and the amended plan page(s) are attached.

If you have any additional questions or need further assistance, please contact Mark Wong at (415) 744-3561 or [mark.wong@cms.hhs.gov](mailto:mark.wong@cms.hhs.gov).

Sincerely,



Rory Howe  
Director

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2. STATE

3. PROGRAM IDENTIFICATION:

TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

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

7. FEDERAL BUDGET IMPACT

a. FFY ----- \$9,842,484 \$ -----

b. FFY ----- \$54,243,226 \$ -----

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

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15.4b, 15.4c, 15.4c.1, 15.4c.1a, 14.5c.2, 15.4c.3, 15.4c.4, 15.4c.5

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

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15.4b, 15.4c, 15.4c.1, 15.4c.1a, 14.5c.2, 15.4c.3, 15.4c.4,  
15.4c.5

10. SUBJECT OF AMENDMENT

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

12. SIGNATURE OF STATE AGENCY OFFICIAL

[Redacted Signature]

16. RETURN TO

13. TYPED NAME

14. TITLE

15. DATE SUBMITTED  
September 28, 2021

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED  
September 28, 2021

18. DATE APPROVED  
December 22, 2021

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL  
August 1, 2021

20. SIGNATURE OF REGIONAL OFFICIAL

[Redacted Signature]

21. TYPED NAME  
Rory Howe

22. TITLE  
Director, Financial Management Group

23. REMARKS

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Pen-and-ink changes made to Boxes 7, 8 and 9 by CMS with state concurrence.

4. Freestanding Pediatric Subacute Care Unit

<b>Freestanding Pediatric Subacute</b>		
Period	Reduction	With Respect to:
08/01/09 – Present	Set at Prospective rate for 2008/09	

5. Pediatric Subacute Care Units that are, or are parts of, Distinct Parts of General Acute Hospitals (DP/NF Pediatric Subacute)

<b>Distinct Part Pediatric Subacute</b>		
Period	Reduction	With Respect to:
07/01/08 - 07/31/08	10%	Prospective rate for 2007/08
08/01/08 - 02/28/09	10%	Prospective rate for 2008/09
03/01/09 - 04/05/09	5%	Prospective rate for 2008/09
08/01/09 - 02/23/10	Set at Prospective rate for 2008/09	

6. Intermediate Care Facilities for the Developmentally Disabled (ICF/DD)\*

<b>ICF/DD</b>		
Period	Reduction	With Respect to:
08/01/09 – 07/31/21	Set at Prospective rate for 2008/09	

7. Intermediate Care Facilities for the Developmentally Disabled - Habilitative (ICF/DD-H)\*

<b>ICF/DD-H</b>		
Period	Reduction	With Respect to:
08/01/09 – 07/31/21	Set at Prospective rate for 2008/09	

8. Intermediate Care Facilities for the Developmentally Disabled - Nursing (ICF/DD-N)\*

ICF/DD-N		
Period	Reduction	With Respect to:
08/01/09 – <u>07/31/21</u>	Set at Prospective rate for 2008/09	

9. Rural Swing Bed

Rural Swing Bed		
Period	Reduction	With Respect to:
07/01/08 - 07/31/08	10%	Prospective rate for 2007/08
08/01/08 - 10/31/08	10%	Prospective rate for 2008/09
08/01/09 - 02/23/10	Set at Prospective rate for 2008/09	
03/01/11 - Present	Set at Prospective rate for 2008/09	

- L. The payment reductions in boxes (1) through (9) will be monitored in accordance with the monitoring plan at Attachment 4.19-F, entitled "Monitoring Access to Medi-Cal Covered Healthcare Services".

\* For details of ICF/DD, DD-N, and DD-H rate methodology from 8/1/2009 to 7/31/2021, refer to superseded Section IV.M.

- M.1. Notwithstanding III.A, IV.A.1, and IV.A.2 of this Attachment, (at pages 9 and 10, respectively), for rate year 2021-22, DHCS will not audit ICF/DDs, ICF/DD-H and ICF/DD-N facility cost reports for purposes of setting a facility-specific reimbursement rate in accordance with this Attachment. Facilities may be audited as necessary to ensure program integrity.

Effective August 1, 2021, reimbursement rates for Intermediate Care Facilities for the Developmentally Disabled (ICF/DD), ICF/DD-Habilitative (ICF/DD-H), and ICF/DD-Nursing (ICF/DD- N) will be established at the 65th percentile calculated for the facility's respective peer group (licensed facility type and bedsize category), including the projected cost of complying with new state or federal mandates. For fiscal years in which the facility receives the supplemental payment described in pages 35 – 35a of this Attachment, the supplemental payment amount will not be paid concurrently as described in paragraph B.3 on page 35, and instead will be accounted for and included in the reimbursement rate described in this paragraph. No adjustment will be made to increase the calculated 65th percentile reimbursement rate by the supplemental payment amount.

Effective for dates of service on or after August 1, 2021, through July 31, 2022, the reimbursement rate for ICF/DDs, ICF/DD-Hs, and ICF/DD-Ns shall be the greater of the: (1) reimbursement rate established pursuant to this paragraph; or (2) the reimbursement rate as approved in pages 90g – 90l of Section 7.4 of this State Plan (COVID-19 Medicaid Disaster Relief), plus any supplemental payment received as described in pages 35 – 35a of this Attachment, in effect for the facility on July 31, 2021.

Notwithstanding III.A, IV.A.1 and IV.A.2, of this Attachment, (at pages 9 and 10 respectively), beginning with the 2021-22 rate year, and each rate year thereafter, DHCS will utilize reported or audited costs with fiscal periods ending in the calendar year that is two years prior to the beginning of the rate year (August 1) to establish each facility's projected rates (i.e., facility's cost report ending on or within January 1, 2019, through December 31, 2019 will be used to calculate the rates for the period from August 1, 2021, through July 31, 2022).

The reimbursement rates resulting from the application of this Paragraph M.1 are effective August 1, 2021, and will be published on the DHCS website at the following link: [http://www.dhcs.ca.gov/services/medical/Pages/LTCRU.ICF\\_DD.aspx](http://www.dhcs.ca.gov/services/medical/Pages/LTCRU.ICF_DD.aspx).

2. Each ICF/DD, ICF/DD-H, and ICF/DD-N will retain its supporting financial and statistical records for a period of not less than three years following the date of submission of its cost report and will make such records available upon request to authorized state or federal representatives, as described in Welfare and Institutions Code, section 14124.1.

3. The reimbursement rate methodology for ICF/DDs, ICF/DD-Hs, and ICF/DD-Ns may include more or less than twelve months and/or more than one cost report, as long as the fiscal periods all end within the timeframe specified for rate-setting.
4. DHCS will exclude any cost report or supplemental schedule or portion thereof that it deems inaccurate, incomplete, or unrepresentative. If any cost report or supplemental schedule is excluded, the rate set forth in paragraph M.10 will apply.
5. An ICF/DD, ICF/DD-H, or ICF/DD-N that no longer participates in the Medi-Cal Program will be excluded from the rate-setting process.

TN 21-0060  
Supersedes  
TN 14-019

Approval Date 12/22/2021 Effective  
Date  
08/01/2021

6. Overpayments to any ICF/DD, ICF/DD-H, and ICF/DD-N will be recovered in a manner consistent with applicable recovery procedures and requirements of state and federal laws and regulations. Overpayment recovery regulations are described in the California Code of Regulations, Title 22, Section 51047, as in effect on August 1, 2012.
7. Providers have the right to appeal audit or examination findings that result in an adjustment to Medi-Cal reimbursement rates. Specific appeal procedures are contained in Welfare and Institutions Code, Section 14171, as in effect on August 1, 2012, and in Division 3, Subdivision 1, Chapter 3, Article 1.5 (Provider Audit Appeals) of the California Code of Regulations, Title 22, Sections 51016 through 51048, as in effect on August 1, 2012.
8. A new ICF/DD, ICF/DD-H, or ICF/DD-N with no cost history in a newly constructed facility, in a location not previously licensed as an ICF/DD, ICF/DD-H, or ICF/DD-N, or an existing facility newly certified to participate in the Medi-Cal Program will receive a per diem rate equal to the 65<sup>th</sup> percentile rate for the applicable peer group (licensed facility type and bedsize category).
9. In instances where an existing facility which has participated in the Medi-Cal Program changes ownership or operators, DHCS will reimburse the facility a per diem rate at the 65<sup>th</sup> percentile of the applicable peer group (licensed facility type and bedsize category).
10. If any ICF/DD, ICF/DD-H, or ICF/DD-N does not complete and submit a cost report for the applicable period that will be used to establish the rates for the upcoming rate year, that provider will receive a rate at the 65<sup>th</sup> percentile established for the applicable peer group (licensed facility type and bedsize category), reduced by 10 percent. Once a provider submits a cost report for the applicable period that is used in rate setting for the rate year, DHCS will reimburse the facility a per diem rate equal to the 65<sup>th</sup> percentile rate for the applicable peer group (licensed facility type and bedsize category), and apply that rate retroactively for the rate year.

Reserved for future use



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TN 21-0060  
Supersedes  
TN 13-019

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