

**DEPARTMENT OF HEALTH CARE SERVICES  
NOTICE OF GENERAL PUBLIC INTEREST  
RELEASE DATE: JULY 26, 2022**

**PROPOSED STATE PLAN AMENDMENT TO UPDATE THE REIMBURSEMENT  
METHODOLOGY FOR INTERMEDIATE CARE FACILITIES FOR THE  
DEVELOPMENTALLY DISABLED INCLUDING HABILITATIVE AND NURSING  
FACILITIES**

This notice is to provide information of public interest about a proposed State Plan Amendment (SPA) by the Department of Health Care Services (DHCS). Proposed SPA 22-0061 will seek to update the current reimbursement methodology for Intermediate Care Facilities (ICF) for the Developmentally Disabled (ICF/DD), ICF/DD-Habilitative (ICF/DD-H), and ICF/DD-Nursing (ICF/DD-N), effective August 1, 2022.

Senate Bill (SB) 184 (Chapter 47, Statutes of 2022) amended Welfare and Institutions Code § 14105.075. In accordance with the amended statute, SPA 22-0061 will provide that for dates of service after the end of the Public Health Emergency (PHE) that ICF/DD, ICF/DD-H and ICF/DD-N rates shall be the greater of:

- The facility's reimbursement rate established without applying any reduction, limitation, or increase, and inclusive of Proposition 56 supplemental payments, or
- The facility's reimbursement rate inclusive of the temporary increased Medicaid payments associated with the COVID-19 Public Health Emergency, plus the Proposition 56 supplemental payment in effect for the facility on the last day of the COVID-19 Public Health Emergency.

In addition, California's 2022 Budget Act (Chapter 42, Statutes of 2022 as amended by Chapter 44, Statutes of 2022) transitioned the funding for a portion of the ICF/DD rates from Proposition 56 to the General Fund, which allows DHCS to maintain the ICF-DD Proposition 56 payment levels that were previously accounted for in the per diem rates. SPA 22-0061 will incorporate amounts equivalent to the former Proposition 56 supplemental payment amounts into the facility's base rates.

SPA 22-0061 will also seek to update the audit process of cost reports. Previously, under SPA 16-012, audits of ICF/DD, ICF/DD-H and ICF/DD-N cost reports were suspended while these facilities were receiving a frozen rate. AB 133 (Chapter 143, Statutes of 2021) unfroze ICF/DD rates and removed the application of any other reductions or increases. SPA 22-0060 exempted facility's cost reports from audit for rate year 2021-22. Beginning in rate year 2022-23, cost reports submitted by ICF/DDs, ICF/DD-Hs and ICF/DD-Ns will be audited for use in rate setting.

The effective date of proposed SPA 22-0061 is August 1, 2022 and is subject to approval by the Federal Centers for Medicare and Medicaid Services (CMS).

DHCS estimates that SPA 22-0061 will be cost neutral and have minimal impact to the annual aggregate Medi-Cal expenditures for ICF/DD, ICF/DD-H, and ICF/DD-N services.

## **PUBLIC REVIEW AND COMMENTS**

Upon submission to CMS, a copy of proposed SPA 22-0061 will be published at the following internet address:

<https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending-2022.aspx>

If you would like to view proposed SPA 22-0061 in person once it becomes available, please visit your local county welfare department. You may also request a copy of proposed SPA 22-0061 using the mailing or email addresses listed below.

Written comments may be sent to the following address:

Department of Health Care Services  
Fee-For-Service Rates Development Division  
Attn: Alek Klimek  
1501 Capitol Avenue, MS 4600  
Sacramento, California 95899-7417

Comments may also be emailed to [PublicInput@dhcs.ca.gov](mailto:PublicInput@dhcs.ca.gov). Please indicate SPA 22-0061 in the subject line or message.

A copy of submitted public comments to SPA 22-0061 may be requested in writing to the mailing or email addresses identified above.