



## Long Term Care

### August 2009 • Bulletin 390

#### Contents

*Medi-Cal Training Seminars*

Mandated Rate Changes for Long Term Care Providers Effective August 1, 2009 ..... 1

Notice of Rate Methodology Changes for Free-Standing Skilled Nursing Facilities and Free-Standing Adult Subacute Facilities (AB 1629) ..... 1

Institutions for Mental Disease Providers Exempt from Ten and Five Percent Provider Payment Reduction ..... 2

Incontinence Creams and Washes: Provider Manual Updates ..... 2

### Mandated Rate Changes for Long Term Care Providers Effective August 1, 2009

This bulletin is to provide information with respect to recently chaptered legislation, which maintains Medi-Cal rates in effect as of March 1, 2009, for the classes of providers identified below. Health Trailer Bill AB X4 5 (Statutes of 2009) continues the level of reimbursement in effect for the 2009 – 2010 rate year, and each year thereafter, at the rates applicable to those classes of providers for the 2008 – 2009 rate year. This mandate applies to the following classes of providers:

- Nursing Facilities – Level A (NF-A)
- Intermediate Care Facilities for the Developmentally Disabled (including Habilitative and Nursing)
- Skilled Nursing Facilities that are distinct parts of General Acute Care Hospitals
- Rural Swing Bed Facilities
- Subacute Care Units, that are, or are parts of, distinct parts of General Acute Care Hospitals
- Pediatric Subacute Care Units that are, or are part of, distinct parts of General Acute Care Hospitals
- Freestanding Pediatric Subacute Care Units
- Adult Day Health Care Centers

AB X4 5 in effect “freezes” Medi-Cal reimbursement rates, and is subject to any pending judicial determination regarding the level of the rates in effect for the 2008 – 2009 rate year, made by any state, federal or appellate court that is final and is not further appealed.

Any further changes on the proposed changes may be viewed on the Department of Health Care Services (DHCS), Long Term Care Reimbursement Unit Web page located at: <http://www.dhcs.ca.gov/services/medi-cal/Pages/LTCRU.aspx>

### Notice of Rate Methodology Changes for Free-Standing Skilled Nursing Facilities and Free-Standing Adult Subacute Facilities (AB 1629)

*Welfare and Institutions Code* (W&I Code) Section 14126.033, subdivision (a)(2)(D), currently provides for a maximum annual increase in the weighted average Medi-Cal reimbursement rate of no more than 5 percent of the weighted average Medi-Cal reimbursement rate for the prior fiscal year. Under AB X4 5 (Statutes of 2009), the weighted average Medi-Cal reimbursement rates for 2009 – 2010 and 2010 – 2011 rate years will not be increased over the weighted average Medi-Cal reimbursement rate in effect for 2008 – 2009 rate year.

*Please see Rate Changes, page 2*

**Rate Changes** (*continued*)

Additionally, AB X4 5 increases the amount of the Quality Assurance Fee (QAF) to be paid by facilities beginning August 1, 2009.

Currently, *Health and Safety Code* Section 1324.20, subdivision (c)(1), exempts Medicare revenue from calculating the QAF. As mandated by AB X4 5, Medicare revenue received for routine and ancillary services and Medicare revenue received for services provided to residents under a Medicare managed care plan, is subject to the QAF. The inclusion of Medicare revenue is effective for rate years 2009 – 2010 and 2010 – 2011.

Any further information on the proposed changes may be viewed on the Department of Health Care Services (DHCS) Long Term Care System Development Assembly Bill 1629 Web page located at: [www.dhcs.ca.gov/services/medi-cal/Pages/LTCAB1629.aspx](http://www.dhcs.ca.gov/services/medi-cal/Pages/LTCAB1629.aspx).

**Institutions for Mental Disease Providers Exempt from Ten and Five Percent Provider Payment Reduction**

Institutions for Mental Disease (IMD) providers licensed as Skilled Nursing Facilities and who bill for services using accommodation codes 11 and 12 (NF-B Special Treatment Program – Mentally Disordered), are exempted from the 10 and 5 percent provider payment reduction. The IMD providers' reimbursement rates affected by the payment reduction will be restored to those in effect on July 1, 2008.

The 10 percent provider payment reduction mandated by the Budget Trailer Bill of 2008 went into effect July 1, 2008. The 5 percent payment reduction mandated by Assembly Bill 1183 was effective for dates of service on or after March 1, 2009. AB 1183 also end-dated the 10 percent payment reduction applied to IMD providers, effective February 28, 2009.

**Incontinence Creams and Washes: Provider Manual Updates**

Additional Part 2 manual sections are updated to clarify Optional Benefits Exclusion policy for incontinence creams and washes.

*This information is reflected on manual replacement page incont 2 (Part 2).*

**Long Term Care Bulletin 390**

Remove and replace:   incont 1/2  
                                  tar comp ltc 7/8 \*

\* Pages updated due to ongoing provider manual revisions.