

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP, and Survey & Certification

Dr. Robert L. Robinson  
Executive Director  
State of Mississippi  
Office of the Governor  
Division of Medicaid  
Walter Sillers Building, Suite 1000  
550 High Street  
Jackson, MS 39201

AUG 3 1 2010

RE: SPA MS 10-003

Dear Dr. Robinson:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 10-003. Effective June 30, 2010 this amendment modifies the State's reimbursement methodology for setting payment rates for nursing facility services. Specifically, the amendment removes the requirement to limit the Administrative and operating costs of private nursing facilities for the severely disabled to a peer group ceiling.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. We have found that the proposed changes in payment methodology comply with applicable requirements and therefore have approved them with an effective date of June 30, 2010. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Stanley Fields at (502) 223-5332.

Sincerely

  
Cindy Mann  
Director, CMCS

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

**TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

1. TRANSMITTAL NUMBER:  
2010-003

2. STATE  
MS

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE  
June 30, 2010

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:  
MS Code of 1972, Section 43-13-117, paragraph (44)

7. FEDERAL BUDGET IMPACT:  
a. FFY 2010      \$ 2,010,529  
b. FFY 2011      \$ 1,830,467

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Attachment 4.19-D, pages 112 and 132

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):  
Attachment 4.19-D, pages 112 and 132

10. SUBJECT OF AMENDMENT:  
Rate Computation for PNF-SD

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Robert L. Robinson

14. TITLE: Executive Director

15. DATE SUBMITTED:

16. RETURN TO:

Robert L. Robinson  
Miss. Division of Medicaid  
Attn: Emily Thompson  
550 High Street, Suite 1000  
Jackson, MS 39201-1399

17. DATE RECEIVED:

**FOR REGIONAL OFFICE USE ONLY**

18. DATE APPROVED:

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
JUN 30 2010

**PLAN APPROVED - ONE COPY ATTACHED**

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: William Lasowski

22. TITLE: Deputy Director, CMCS

23. REMARKS:

- C. Add to each array the cumulative annualized total patient days by adding in succession the days listed for each facility.
- D. Determine the median patient days by multiplying the total cumulative patient days by fifty percent (50%) and locate the median patient days on each array.
- E. Determine the median costs by matching the median patient days to the associated costs. This may require interpolation.
- F. The cost at the median patient day is multiplied by 109% to determine the ceiling for each classification.
4. Determine the per diem rate for each facility for administrative and operating costs. If the facility's administrative and operating cost is above the ceiling, its administrative and operating rate is the ceiling. If the facility's cost falls below the ceiling, then its administrative and operating rate is its trended cost plus seventy-five percent (75%) of the difference between the greater of the trended cost or the median and the ceiling. For PNFSD's, the ceiling for Administrative and Operating Costs will be the facility's allowable costs.
- F. Property Payment. A per diem payment will be made for property costs based on a fair rental system. The amount of the payment is determined as follows:
1. A new facility constructed on January 1, 1992 is assumed to have a per bed value of \$25,908. The value of new construction will be indexed each year using the RS Means Construction Cost Index. The new bed value will be indexed each year to January 1 of the payment year. The cost index

H. Total Base Rate

The annual base rate is the sum of the standard direct care per diem rate, the care related per diem rate, the administrative and operating per diem rate, the per diem property payment, the per diem hold harmless payment, and the per diem return on equity payment. The annual base rate for PNFSD's also includes the therapy per diem rate.

I. Calculation of the Rate for One Provider

In years when the rate is calculated for only one PNFSD, reimbursement will be based upon allowable reported costs of the facility.

Reimbursement for direct care, therapies, care related, and administrative and operating costs will be calculated at cost plus the applicable trend factors. The property payment and the return on equity payment will be calculated for the facility as described in Sections 3-4 F and G.

3-5 Occupancy Allowance

The per diem rates for fixed administrative and operating costs, care related costs and property costs will be calculated using the greater of the facility's actual occupancy level or eighty percent (80%). This level is considered to be the minimum occupancy level for economic and efficient operation. This minimum occupancy level will not be applied to the computation of patient days used to calculate the direct care and therapy rates, or the variable portion of the administrative and operating and care related rates.

For facilities having less than eighty percent (80%) occupancy, the number of total patient days will be computed on an eighty percent (80%) factor instead of a lower actual percentage of occupancy. For example: a facility with an occupancy level of seventy percent (70%) representing 20,000 actual patient days in a reporting period will have to adjust this figure to 22,857 patient days ((22,000/70%)

TN No. 2010-003  
Supersedes  
TN No. 2009-004

Date Received \_\_\_\_\_  
Date Approved AUG 21 2010  
Date Effective 06/30/2010