



Exempt Action Final Regulation Agency Background Document

Agency name	DEPT OF MEDICAL ASSISTANCE SERVICES
Virginia Administrative Code (VAC) citation	12 VAC 30-70-311; 12 VAC 30-70-321; 12 VAC 30-90-41; 12VAC30-120-100
Regulation title	Methods and Standards for Establishing Payment Rates—Inpatient Hospital Services, -Other Types of Care, -Long Term Care; Waivered Services
Action title	2008 Reimbursement Changes
Final agency action date	
Document preparation date	

When a regulatory action is exempt from executive branch review pursuant to § 2.2-4002 or § 2.2-4006 of the Virginia Administrative Process Act (APA), the agency is encouraged to provide information to the public on the Regulatory Town Hall using this form.

Note: While posting this form on the Town Hall is optional, the agency must comply with requirements of the Virginia Register Act, the *Virginia Register Form, Style, and Procedure Manual*, and Executive Orders 36 (06) and 58 (99).

Summary

Please provide a brief summary of all regulatory changes, including the rationale behind such changes. Alert the reader to all substantive matters or changes. If applicable, generally describe the existing regulation.

This regulatory action is intended to implement reimbursement changes mandated by the Virginia General Assembly through Chapter 879, Item 306 PP, RR, UU, and VV of the 2008 *Acts of Assembly*, to be effective July 1, 2008. These changes include reducing the operating rates for both hospitals and nursing facilities, recalibrating Resource Based Relative Value System (RBRVS) physician rates, and realigning the Medicaid rate for agency-directed individual supported employment. The hospitals' and nursing facilities' reimbursement rates are being amended to reduce the operating rates that these facilities will be paid. The reimbursement rate for agency-directed individual supported employment providers is being amended to be the same as that used by the Department of Rehabilitative Services (DRS).

Substance

The sections of the State Plan for Medical Assistance that are affected by this change are the Methods and Standards for Establishing Payment Rates-Inpatient Hospital Services [12VAC30-70-311 (Hospital Specific Operating Rate Per Case) and 12VAC30-70-321 (Hospital Specific Operating Rate Per Day)]; Methods and Resource Based Relative Value System, and Methods and Standards for Establishing Payment Rates for Long-Term Care [12 VAC30-90-41 (Nursing Facility Reimbursement Formula)], and; Waivered Services [12 VAC 30-120-100 (Provider Reimbursement)].

12VAC30-70-311 and 12VAC30-70-321 are being amended to reduce the operating rates for hospitals, effective July 1, 2008, and ending after June 30, 2010. All hospitals will have the operating rate per-case and the operating rate per-day reduced by 2.683 percent to achieve the reduction prescribed in Item 306.UU of the *2008 Acts of the Assembly*, Chapter 879.

12 VAC30-90-41 is being amended to reduce the indirect and direct operating rates for nursing facilities, effective July 1, 2008, and ending after June 30, 2010. All nursing facilities will have the operating rate per diem reduced by 1.329 percent to achieve the reduction prescribed in Item 306.VV of the *2008 Acts of the Assembly*, Chapter 879.

12VAC30-120-100 is being amended to pay agency-directed individual supported employment rates the same provider-specific rates paid by the Department of Rehabilitative Services (DRS) as prescribed in Item 306.RR of the *2008 Acts of the Assembly*, Chapter 879. Currently, agency-directed individual supported employment rates are not provider-specific.

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change and rationale
12VAC30-70-311,-321		Defines the hospital specific operating rate per case and rate per day.	Effective July 1, 2008 and ending June 30, 2010, hospital operating rate will be reduced by 2.683 percent for all hospitals.
12VAC30-90-41		Defines the methods and standards for establishing payment rates for long-term care.	Effective July 1, 2008 and ending June 30, 2010, nursing facility operating rate will be reduced by 1.329 percent for all nursing facilities.
12VAC30-120-100		Defines reimbursement for waived services.	Effective July 1, 2008, agency-directed individual supported employment providers will be paid DRS rates.

Statement of final agency action

Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency taking the action, and (3) the title of the regulation.

I hereby approve the foregoing Regulatory Review Summary with the attached amended State Plan pages *Methods and Standards for Establishing Payment Rates—Inpatient Hospital Services* and *Methods (12 VAC 30-70-311,-321)* and *Methods and Standards for Establishing Payment Rates—Long Term Care (12 VAC 30-90-41)*) and *Waivered Services (12 VAC 30-120-100)* and adopt the action stated therein. I certify that this final regulatory action has completed all the requirements of the Code of Virginia § 2.2-4012, of the Administrative Process Act and is full, true, and correctly dated.

Date

Patrick W. Finnerty, Director
Dept. of Medical Assistance Services

Family impact

Assess the impact of this regulatory action on the institution of the family and family stability.

These changes do not strengthen or erode the authority or rights of parents in the education, nurturing, and supervision of their children; or encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one’s spouse, and one’s children and/or elderly parents. It does not strengthen or erode the marital commitment, but may decrease disposable family income depending upon which provider the recipient chooses for the item or service prescribed.