Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519

September 29, 2014

Ann Berg, Acting State Medicaid Director
Minnesota Department of Human Services
P.O. Box 64983
St. Paul, MN 55164-0983

Dear Ms. Berg:

Enclosed for your records is an approved copy of the following State Plan Amendment:

Transmittal #13-033 -Rate Methodology Change for Assertive Community Treatment and Residential Rehabilitative Services
--Effective Date: January 1, 2014

If you have any additional questions, please have a member of your staff contact Courtenay Savage at (312) 353-3721 or via e-mail at Courtenay.Savage@cms.hhs.gov.

Sincerely,

/s/

Verlon Johnson
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

cc: Sean Barrett, MDHS

Enclosure

13.d. Rehabilitative services (continued)

Effective October 1, 2010, dialectical behavior therapy services are paid:

for individual dialectical behavior therapy, the lower of the submitted charge or $40.00 per 15 minute unit;

for group dialectical behavior therapy skills training, the lower of the submitted charge or $18.16 per 15 minute unit.

~~Effective for services provided on or after January 1, 2012,~~ a**Assertive community treatment (ACT)** ~~**services**~~ and **residential rehabilitative services** provide~~d~~rs ~~by entities with host county contracts or agreements with the Department~~ are paid a per diem, per provider, rate determined by the Department inclusive of all ACT or residential rehabilitative services, staff travel time to provide ACT or residential rehabilitative services, and crisis stabilization services provided as a component of mental health crisis response services. Providers must submit a state-developed cost report annually. Reasonable costs of ACT and residential rehabilitative services are determined in accordance with Office of Management and Budget (OMB) Circular Number A-87 relating to for-profit entities, and OMB Circular Number A-122, relating to nonprofit entities. To determine the rate, the following statewide criteria are considered:

1. Direct service expenditures: direct service expenditures include employee costs associated with the program's direct service staff (salaries, training and fringe), service-related transportation, and contracted direct service staff costs. The Department calculates the direct services rate by dividing total direct service costs by the total units of service provided in the state fiscal year prior to the calendar year for which the rate is being determined.

   For new programs, programs converting to serve a different specific population, or programs changing capacity, estimated actual costs are used to determine the direct services rate.

2. Other program costs: other program costs consist of administrative and other non-direct services program costs. Such costs include, but are not limited to, administrative staff costs (salary and fringe), insurance, professional dues, and supplies. The Department calculates the other program costs rate by multiplying the direct services rate by a flat percentage. The percentage for ACT providers is 41%. The percentage for residential rehabilitation providers is 37%.

3. Physical plant costs: residential rehabilitation service providers receive additional reimbursement related to physical plant costs. Providers must designate the percentage of the facility that is entirely devoted to treatment and programming (e.g. individual treatment or therapy rooms and group treatment or therapy rooms).

13.d. Rehabilitative services (continued)

This does not include administrative or residential space. The Department calculates the physical plant costs rate by multiplying the total physical plant costs for the facility in the prior state fiscal year by the percentage of the facility devoted to treatment and programing. This amount is then divided by the total units of service from the prior state fiscal year.

The total per diem, per provider rate is the sum of the provider's direct services rate, other program costs rate, and physical plant costs rate (for residential rehabilitation service providers only). Rates are recalculated and put into effect January 1 of each year.

The state shall not claim FFP for any non-institutional service provided to individuals who are residents of facilities that meet the federal definition of an institution for mental diseases or a psychiatric residential treatment facility as described in federal regulations at 42 C.F.R. §§ 440.140, 440.160 and 42 C.F.R. § 441 Subparts C and D.

The Department coordinates with county mental health staff to monitor the provision of ACT and residential services via site reviews at re-licensure/certification, and when an allegation of improper billing or maltreatment is received. Provider data is compared to submitted cost reports and MMIS data to ensure adequate service provision and accurate cost reporting.

~~1. cost for similar services in the local trade area;~~
~~2. actual costs incurred by entities providing the services;~~
~~3. intensity and frequency of services to be provided to each recipient;~~
~~4. degree to which recipients will receive services other than ACT or residential rehabilitative services;~~
~~5. costs of other services that will be paid separately; and~~
~~6. input from county or regional mental health planning initiatives regarding recipients' service needs.~~

~~Provider rates are available online at:~~
~~http://www.dhs.state.mn.us/dhs16_162941.pdf~~

Assertive community treatment (ACT) services and **residential rehabilitative services** provided by county entities and entities furnishing specialized ACT or residential rehabilitative services to a subpopulation of recipients are paid a per diem rate established by the Department based on the Department's consideration of the ~~six~~ factors, above.