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**TITLE 405 OFFICE OF THE SECRETARY OF
FAMILY AND SOCIAL SERVICES**

Proposed Rule
LSA Document #05-114

DIGEST

Adds 405 IAC 1-14.5-27 to restrict Medicaid rate increases for HIV nursing facilities. Adds 405 IAC 1-14.6-23 to restrict Medicaid rate increases for nursing facilities except for changes in case mix. Effective 30 days after filing with the Secretary of State.

405 IAC 1-14.5-27
405 IAC 1-14.6-23

SECTION 1. 405 IAC 1-14.5-27 IS ADDED TO READ AS FOLLOWS:

405 IAC 1-14.5-27 Limitation to Medicaid rate increases for HIV nursing facilities

Authority: IC 12-8-6-5; IC 12-15-1-10; IC 12-15-21-2
Affected: IC 12-13-7-3; IC 12-15

Sec. 27. Notwithstanding all other provisions of this rule, for the period October 1, 2005, through June 30, 2007, HIV nursing facility rates in effect on September 30, 2005, shall not be increased for any reason. (*Office of the Secretary of Family and Social Services; 405 IAC 1-14.5-27*)

SECTION 2. 405 IAC 1-14.6-23 IS ADDED TO READ AS FOLLOWS:

405 IAC 1-14.6-23 Limitation to Medicaid rate increases for nursing facilities

Authority: IC 12-8-6-5; IC 12-15-1-10; IC 12-15-21-2
Affected: IC 12-13-7-3; IC 12-15

Sec. 23. Notwithstanding all other provisions of this rule, for the period October 1, 2005, through June 30, 2007, nursing facility rates in effect on September 30, 2005, shall not be increased for any reason other than changes in the provider's case mix index for Medicaid residents as provided for at section 6(d) of this rule. (*Office of the Secretary of Family and Social Services; 405 IAC 1-14.6-23*)

Notice of Public Hearing

Under IC 4-22-2-24, notice is hereby given that on September 29, 2005 at 1:30 p.m., at the Indiana Government Center-South, 402 West Washington Street, Conference Center Room 20, Indianapolis, Indiana the Office of the Secretary of Family and Social Services will hold a public hearing on proposed rule amendments concerning Medicaid reimbursement methodology for nursing facilities.

In accordance with public notice requirements established at 42 CFR 447.205, Section 1902(a)(13)(A) of the Social Security Act, and IC 4-22-2-24(d), the Indiana Family and Social Services Administration, Office of Medicaid Policy and Planning (OMPP) publishes this notice of proposed changes to methods and standards governing reimbursement policy for nursing facilities.

OMPP proposes to modify the reimbursement methodology to freeze rates for nursing facilities, including HIV nursing facilities. The rate freeze will be in effect between October 1, 2005, and June 30, 2007. These changes are necessary to curb the state's high growth rate of Medicaid spending and to stay within available appropriations. An emergency rule enacting this proposed rule will be adopted and take effect on October 1, 2005.

Nursing facilities currently receive an annual review of daily rates paid for by the Medicaid program. Historically, this review has increased daily rates, on average, by about five percent. The estimated total reduction in state and federal expenditures for this

rule is \$18 million in state fiscal year 2006 and \$50.5 million in state fiscal year 2007. The expected reduction in state expenditures is \$6.7 million for state fiscal year 2006 and \$18.8 million for state fiscal year 2007.

All parties interested in the rule are invited to attend the hearing and offer public comments. In lieu of attendance at the hearing, written comments may be sent to: IFSSA, Attention: Karen Filler, 402 W. Washington Street, Room W382, P.O. Box 7083, Indianapolis, IN 46207-7083. Correspondence should be identified in the following manner: "COMMENT RE: LSA Document #05-114 PROPOSED CHANGES TO NURSING FACILITY REIMBURSEMENT SYSTEM. All written comments concerning the rule received by OMPP will be available for public inspection at the Office of Medicaid Policy and Planning, 402 West Washington Street Room W382, Indianapolis, IN 46204

Copies of the proposed rule and this notice are now available and may be inspected by contacting the Director of the local county Division of Family Resources office, except in Marion County, where public inspection may be made at 402 West Washington Street, Room W382, Indianapolis, Indiana. Copies of the proposed rates are available on the internet at www.mslicindy. Interested parties without internet access should contact Myers and Stauffer, LLC at (800) 877-6927 to obtain copies of proposed rates.

Copies of these rules are now on file at the Indiana Government Center-South, 402 West Washington Street, Room W451 and Legislative Services Agency, One North Capitol, Suite 325 and Legislative Services Agency, One North Capitol, Suite 325, Indianapolis, Indiana and are open for public inspection.

E. Mitchell Roob Jr.
Secretary
Office of the Secretary of Family and Social Services