

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Department of Health Care Finance



Office of the Interim Senior Deputy Director and Medicaid Director

Transmittal #23-47

**TO:** All Interested Parties

**FROM:** Eugene Simms  
Interim Senior Deputy Director and Medicaid Director

**DATE:** September 29, 2023

**SUBJECT: Public Notice of Intent to Submit State Plan Amendment – Changes to Rate Rebasing Schedule for Per Diem Specialty Hospital Services; ARPA 9817 Supplemental Payments to Strengthen the HCBS Workforce**

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**Purpose**

The Department of Health Care Finance (DHCF) hereby gives notice of the intent to submit amendments to the District of Columbia State Plan for Medical Assistance (State Plan) to the Centers for Medicare and Medicaid Services (CMS) for review and approval. First, the proposed amendments will revise the rate rebasing schedule for Per Diem Specialty Hospitals. Second, the proposed amendments will permit DHCF to make supplemental payments to enhance and strengthen the Home and Community-Based Services (HCBS) workforce.

Pursuant to Federal regulations at 42 C.F.R. § 447.205, a state must provide public notice of any significant change in the state’s methods and standards for setting payment rates for services, prior to the proposed effective dates in the State Plan amendments submitted to CMS. DHCF will provide a comprehensive listing of all changes to the rates on the DC Medicaid website at <http://www.dc-medicaid.com>

**Specialty Hospital Rate Rebasing**

The District received CMS approval to delay Specialty Hospital rate rebasing until the end of the federal public health emergency (PHE), May 12, 2023, via an emergency State Plan amendment, [DC 22-0010](#). DHCF’s authority to delay the rebasing for specialty hospitals was extended, with CMS’s approval [DC-23-0005](#), through May 11, 2024, to mitigate the effects of atypical cost trends caused by the PHE.

Following the fiscal year (FY) 2025 rebasing for specialty per diem hospitals, the District is proposing that the base per diem and per stay rates for specialty hospitals be rebased effective FY 2027, beginning October 1, 2026, and every four (4) years thereafter. In non-rebasing years, DHCF shall adjust the base rates of both the per diem and per stay hospitals using either the inflation factor for the year, the hospital’s reported costs, or a combination of both, including an assessment of case mix, claims, and discharge data. The District will incorporate these changes via traditional State Plan amendment and draft agency rules to ensure ongoing authority.

These proposed changes will be effective October 1, 2023, and the District projects no change in aggregate Medicaid expenditures for the changes to Specialty Hospital rate rebasing schedules.

### **American Rescue Plan Act Section 9817 Supplemental Payments**

The American Rescue Plan Act (ARPA) of 2021 was signed into law on March 11, 2021. Section 9817 of ARPA provides states with a temporary ten (10) percentage point increase to the federal medical assistance percentage (FMAP) for Medicaid HCBS. States must use funds equivalent to the amount of federal funds attributable to the increased FMAP to implement activities that enhance, expand, or strengthen Medicaid HCBS.

In its May 2022 ARPA quarterly narrative and spending plan update, the District proposed to use ARPA funds to make supplemental provider payments aimed at strengthening the Medicaid HCBS workforce. In May 2023, CMS approved [DC-23-0004](#), which provides authority for these payments under the State Plan through May 11, 2024. This proposed State Plan amendment will permit the District to continue to make these payments to State Plan 1915(i) HCBS, Rehabilitative Service, Home Health, and Personal Care Aide service providers throughout the ARPA spending period.

Permanent authority to make these payments is already established for the District's 1915(c) Elderly and Persons with Physical Disabilities (EPD), Individual and Family Support (IFS), and People with Intellectual and Developmental Disabilities (IDD) HCBS Waiver Programs.

These proposed changes will be effective May 11, 2024, or the approval date established by CMS in its approval of the corresponding amendment to the State Plan, whichever is earlier. The District projects no change in aggregate Medicaid expenditures for adopting these supplemental payments under the State Plan.

### **Contact**

If you have any questions, contact Sam Woldeghiorgis, Associate Director, Office of Rates, Reimbursement, and Financial Analysis, Department of Health Care Finance at [samuel.woldeghiorgis@dc.gov](mailto:samuel.woldeghiorgis@dc.gov).

**Cc:** DC Medical Care Advisory Committee Stakeholders  
DC Hospital Association  
DC Primary Care Association  
DC Health Care Association  
DC Behavioral Health Association  
DC Coalition of Disability Service Providers  
Medical Society of DC