Title 471 NAC Chapter 12 and Nursing Facility Payment Reform

Presented for Long-Term Care Redesign Stakeholders

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Nursing Facility Payment Methodology - Current

- **Payment methodology is codified in Chapter 12 of Title 471 of the Nebraska Administrative Code**
  - This methodology prevents the Division of Medicaid and Long-Term Care (MLTC) from adapting to marketplace dynamics
  - It also inhibits innovation and flexibility
- **Payment methodology is very prescriptive and complicated**
  - It can be difficult for stakeholders to understand
  - It can create uncertainty for providers year to year
- **Payment methodology is based primarily on facility-specific costs and patient days**
  - This unintentionally disincentives efficiency
- **The methodology results in a significant variance in payments to providers for Medicaid beneficiaries**
  - Varied payments for patients at the same level of care
  - Payments are made without consideration of quality of care or patient experience
  - Current per diem base rate ranges from $116.23 to $238.53

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Case Study

- Town of approximately 3,000 people with two Nursing Facilities

Measure	Facility A	Facility B
Base Rate	$123.30	$205.39
CMS Star Rating	5 Stars	3 Stars
Occupancy Rate	96%	54%
% Medicaid	>80%	<50%

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MLTC's Plan for Nursing Facility Payment

- **Chapter 12 NAC Title 471 Changes**
- **New Payment Methodology Concept Development**
- New Payment Methodology Modeling
- Stakeholder Engagement
- State Plan Amendment
- Technology Changes, Evaluation, and Implementation
- Program Changes, Evaluation, and Implementation

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Chapter 12 NAC Title 471 Changes

- MLTC has begun work to remove significant portions of Chapter 12 from the Regulations
  - Payment Methodology
  - Cost Reports and Instructions
- MLTC plans to issue guidance documents to providers in lieu of Regulations
- MLTC will engage stakeholders via the regulations process
- MLTC is evaluating the information that will replace the current payment language, such as:
  - Assurance to stakeholders on process for feedback for any methodology changes
- Timeline (subject to changes) targets promulgation of regulations by January 2020

- *NO CHANGES PROPOSED AT THIS TIME TO ICF/DD AND CHAPTER 31 REGULATIONS*

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New Payment Methodology Concept Development

1. **Set a single/standard per diem rate for all providers/facilities for each level of care**
   - Ensures consistent payment for services rendered
   - Incentivizes and compensates efficiency
   - Creates transparency
     - Year-to-year provider stability
     - Rate changes applied to per diems

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New Payment Methodology Concept Development

2. **Compensate providers who provide quality care to Medicaid beneficiaries**
   - Use CMS Star Rating: a nationally recognized rating system
   - Weighting factor to enhance quality facility base rates (4 and 5 Star Facilities)
   - Potential to use a weighting factor to reduce facility base rates (1 and 2 Star Facilities)
   - Prospective in nature – paid in per diems, not “bonus” payments

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New Payment Methodology Concept Development

3. **Compensate providers who provide a significant amount of care to Medicaid beneficiaries**
   - Incentivize and compensate providers who take Medicaid clients as a significant part of business practice
   - Provide providers information that helps to align business strategies, i.e. Medicaid beneficiaries, payment, and incentive- in relation to strategy on payer mix

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New Payment Methodology Concept Development

- **Other Considerations**
  - Heath Professional Shortage Areas
  - Provider Access Shortage Areas
  - Phased-In or Immediate Implementation
  - QAA data reporting
  - Special needs rates (Ventilator, TBI, etc.)
  - Case Mix transition (RUGS to PDPM)
  - Timeline (subject to change) targeting effective date of July 2020

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