

Nursing Facility Rate Methodology Update

Jeremy Brunssen, Interim Director
Division of Medicaid & Long-Term Care
February 20, 2020

NEBRASKA

Good Life. Great Mission.

DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

Background

Rate Components:

- Direct Nursing (or Case-Mix Adjusted); this rate component is weighted, or case-mix adjusted, for each level of care
- Support Services (or Non-Case-Mix Adjusted)
- Fixed
- Quality Assurance Assessment
- Quality Measures
- Transition Adjustment (for 2020-21 only)

The sum of these Rate Components is the total rate for each care level (since the Direct Nursing Rate Component is weighted differently for each care level, there are 35 different Rates).

NEBRASKA

Good Life. Great Mission.

DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

Background

The initial model for payments is based off data from June 30, 2018

- This data will be used to calculate maximum and minimum payments for Direct Nursing and Support Services
- Urban and Rural facilities will have different maximum and minimum payments
 - Retaining Urban/Rural peer group classifications

NEBRASKA

Good Life. Great Mission.

DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

Maximums and Minimums

- Direct Nursing Rates:
 - Maximum: 105% Urban/Rural Median
 - Minimum: 77% Urban/Rural Medians
- Support Services Rates
 - Maximum: 100% Urban/Rural Median
 - Minimum: 72% Urban/Rural Medians
- Rates subject to rate period's inflation factor (IF)

Base Year Rates (example, not final):

	Maximum	Minimum
Direct Nursing Urban	\$115.08	\$84.39
Direct Nursing Rural	\$107.30	\$78.69
Support Services Urban	\$94.74	\$68.21
Support Services Rural	\$84.47	\$60.82

NEBRASKA

Good Life. Great Mission.

DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

Rate Adjustments

Looking back to facilities' cost/day on 6/30/18:

- Facilities with cost/day above the maximum will be lowered to maximum rate
- Facilities with cost/day under the minimum will be raised to minimum rate
- Facilities with cost/day between maximum and minimum will have rates unchanged

For 2020-2021 rates, maximums, minimums, and facility cost/day amounts will be adjusted by an inflation factor that takes into account QAA funding, legislative appropriations, and the latest Medicaid days data

- No changes are planned to QAA
- Bedhold days currently paid at reduced Level 105 will now be paid at resident's actual casemix rate

NEBRASKA

Good Life. Great Mission.

DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

Facility Costs & Facility Sales

- For 2020-2021 rates, Medicaid will use a Fixed Cost rate component based from 6/30/18 data
 - Medicaid can approve increases to Fixed Cost rate if costs increase by at least 20% over the rate year and are requested by the facility
 - Changes between July-December will be effective January
 - Changes between January-June will be effective July
- Facility Sales:
 - On or after July 1, 2020, the buyer's allowable fixed asset cost basis for Medicaid purposes will be the lower of the purchase price or the Medicaid book value at the time of sale
 - There will no longer be Recapture of Depreciation on sales of nursing facilities

Quality Rate Component

- Medicaid will provide rate add-ons related to CMS's Quality Measure in their Star Rating system
- Will apply to all care levels 101-180
- Facilities with two G-level or one IJ deficiency will be ineligible for Quality payments for the following State Fiscal Year
- Projected to equate to 2.9% of total funding

Quality Rate Add-on Amounts

Rating	Payment (per day)
5 stars	\$10.00
4 stars	\$6.75
3 stars	\$3.50
0-2 stars	None

Transition to new Rate Methodology

- For 2020-2021 rates, Medicaid will reduce facilities' projected gains or losses by 50% - mitigating the impact of change in the first year
- Rates will fully reflect new payment methodology in 2021-2022
- Facilities without 6/30/18 base data will receive average applicable rates plus QAA and Quality payments
- Rebasing will not be annually, but will occur every 1 - 4 years
 - For example, rates for 2022-2023 could be based from any year(s) between 2019-2022
 - No change in cost report submission process

NEBRASKA

Good Life. Great Mission.

DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.

Jeremy Brunssen

Interim Director

Division of Medicaid and Long-Term Care

Jeremy.Brunssen@Nebraska.gov

402-471-5046



@NEDHHS



NebraskaDHHS



@NEDHHS

dhhs.ne.gov

NEBRASKA

Good Life. Great Mission.

DEPT. OF HEALTH AND HUMAN SERVICES

Helping People Live Better Lives.