

# Nursing Facility Rate Methodology Update

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# Background

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## 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).*

# Background (continued)

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The initial year for new methodology for payments is based off data from June 30, 2018

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

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# 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 (draft):

	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

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# Rate Component Adjustments

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Using Facilities' cost/day on 6/30/18; for Direct Nursing and Support Services Components:

- 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 annualized Medicaid days data

- No changes to QAA

## Bedhold

- Bedhold days currently paid at reduced Level 105 are now paid at resident's actual casemix rate

# Facility Costs & Facility Sales

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- For 2020-2021 rates, Medicaid will use a Fixed Cost rate component based from 6/30/18 data
  - Same Fixed Cost maximum – no change
  - Medicaid can approve increases to Fixed Cost rate (interim fixed cost rate increase process utilized today) 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
  - Facilities will receive the Rural/Urban Average for Direct Nursing and Support Services rate components
  - Beginning 7/1/2020 – There are no retroactive rate settlements

# Quality Rate Component

- Medicaid will provide rate add-ons related to CMS's Quality Measure in their NF Star Rating system
- Will apply to all care levels 101-180
- Projected to equate to 2.9% of total funding
- May 1 Quality Measures score is used for July – December rates and November 1 Quality Measures score is used for January – June rates
- Possible “Year Two” Quality Addition
  - Facilities with two G-level or one IJ deficiency will be ineligible for Quality rate add-ons for the rate period

## 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

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- 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

# Other Information

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- SFY21 Rates used a positive 1.51% Inflation Factor
- Will reduce payment rate variance by over 15% in the initial year
- Last biennium appropriation used for rate development
- 178 Facilities Base rate will increase, 15 will decrease
- Regulations Moving Forward
- SPA being prepared for submission
- COVID challenges and unknowns

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More Information on the information presented can be found here:

<http://dhhs.ne.gov/Pages/Nursing-Home-Payment-Project.aspx>

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