



Nursing Home Payment Redesign Frequently Asked Questions

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Why is the department making a change?

The payment methodology used today is codified in Chapter 12 of Title 471 of the Nebraska Administrative Code (our regulations). The current methodology requires us to rebase approximately 200 nursing home payment rates each year, creating new rates that are based primarily on the facilities' allowed costs and patient days. At no point is the quality of care or the patient experience taken into consideration when developing the payment rate. Rebasing each year, as MLTC is required by regulations to do, creates significant variances and unpredictability in Medicaid payment year to year for providers. It also creates inequalities in payment for services rendered to Medicaid beneficiaries with similar care needs.

Furthermore, MLTC has heard consistently from providers and other stakeholders about their concerns with the current methodology and payment. MLTC agrees with the challenges the current methodology creates for the marketplace.

When is the payment methodology change effective?

The new payment methodology will be effective on July 1, 2020 (SFY 2021), and will be phased in over a two-year period.

How will the department's new rate methodology pay providers?

MLTC is moving away from the current cost based model, toward one that creates equitable, standard rates that are then enhanced for high quality providers.

First, MLTC plans to set a single statewide per diem rate for each level of care, rather than have 200 facilities with facility-specific rates for the 36 levels of care. This means that regardless of the facility, the base rate for a beneficiary at a specific level of care will be the same regardless of their nursing home.

In this model, MLTC will not rebase annually. The primary change in rates year to year will be provider rate changes due to appropriations changes.

Second, MLTC plans to introduce quality into the payment methodology for paying nursing facilities. MLTC will provide high quality facilities an increase to the per diem payment amount, using the “Quality Measure” component of the CMS Star Rating system. The quality measure evaluates the quality of care provided by the facility based on data from a select set of clinical data measures. MLTC will also require that patient safety is taken into account when calculating whether a facility is eligible for a quality weighting to enhance their payment. Specifically, a facility will not be eligible for a quality rating payment enhancement if the facility has two “G-level” or above substantiated deficiencies, or any single “IJ” substantiated deficiency in a State Fiscal Year. A G-level substantiated deficiency is one where it is determined that actual harm occurred to a resident’s health or safety; “IJ” refers to “immediate jeopardy to the health or safety of residents.”

Will there be other changes after the new methodology is put in place?

MLTC does not see this implementation of the new payment methodology as a one-time solution, but rather as the first step in the right direction toward creating a more sensible and responsible payment methodology for nursing homes in Nebraska. MLTC understands the healthcare marketplace is always changing, and MLTC will work with stakeholders to continue to improve the way DHHS reimburses providers for the valuable services they provide to Medicaid beneficiaries.

Why is MLTC removing payment methodology from the regulations? How will providers be kept abreast of any future changes in payment?

MLTC is removing payment methodology from regulations because it is not best practice to have prescriptive, inflexible methodologies codified in regulations. This prevents MLTC from adapting to the marketplace needs as they change over time. MLTC will continue to have the payment methodology in the Medicaid State Plan—the state’s contact with CMS—and any changes we make to any payment methodology will require formal processes to change the methodology. Nearly all services covered by Medicaid do not include payment methodology and rates in regulations, and MLTC currently works with providers in these other areas to address rate and service issues. MLTC envisions a similar working relationship with nursing homes.

Will there be any changes to how nursing facility claims are submitted to Medicaid?

MLTC is not currently planning any changes to the means or process by which nursing facilities submit claims to Medicaid. There will not be changes to how facilities submit claims after the new payment methodology is in place.