



Nursing Home *Methods* Public Meeting

Dave Varana, Chief

Nursing Home Policy and Rate Setting Section

Division of Long Term Care

Jim Robinson, Director

Center for Health Systems Research and Analysis

UW-Madison

June 29, 2015

1:00–4:00 p.m.

1 W Wilson, Room 751



Agenda

- Welcome and opening remarks
- ForwardHealth System Updates
- Staffing Changes
- Budget Update
- Potential changes to the *Methods*
 - Rate setting changes
 - Clarifications
 - Typographical corrections and edits
- Global Insight Inflation Measurement
- Proposed Rate Scenario Modelling Approach
 - Updates to Nursing Wage per Hour & Labor Regions
 - Modelling Scenarios
- Next steps



Opening Remarks

Welcome!

- Housekeeping items
 - Sign-in sheet
 - Teleconference attendance
 - Use of mute button
- Email for meeting materials



ForwardHealth System Updates

New Bed Hold Billing Edit

- Providers may not bill bed hold for Medicare Part A stays
- Bed Hold claims will only be paid when a member had a Medicaid stay immediately preceding the temporary absence
- Regional Auditors will continue to manually verify that the 94% occupancy test has been met via the Annual Cost Report



ForwardHealth System Updates

Third Party Liability Edit

- Medicaid is the “Payer of Last Resort”
- Claims submitted via revenue code 192 must include information related to attempts to bill other insurance
- Detailed information will be provided at the August Public Meeting
- Effective date of new edit will be October 1, 2015



ForwardHealth System Updates

BadgerCare “Childless Adults”

- BadgerCare members in a Nursing Home >30 days are disenrolled from the Health Maintenance Organization (HMO)
- Providers should submit claims as fee for service
- “Childless Adults” eligible under Modified Adjusted Gross Income (MAGI) rules do not pay patient liability



Staffing Changes

Nursing Home Policy and Rate Setting Section

- Staffing transitions will be an important part of our 2015 work
- New Lead Auditor Dave Medley (Waukesha Office)
- New Budget and Policy Analyst Rene Eastman, JD PMP
- As of July 2015, there will be two regional auditor positions vacant



Budget Update

Richard Megna

Office of Policy Initiatives and Budget (OPIB)



Budget Update

Status of Biennial Budget Bill

- The Biennial Budget Bill currently is still under review by the Joint Committee on Finance (JFC)
- The JFC review and executive action on the Medicaid budget has been completed but Transportation issues have caused delays in completing the budget.
- Typically, there are few changes to the budget after JFC review, but Assembly and Senate review of the Biennial Budget could modify the Budget provisions for Medicaid and other areas.
- Also, after Assembly/Senate review, there can be partial vetoes by the Governor.



Budget Update

Nursing Home Reimbursement Rate

- Although the Governor's recommendation did not include any intensity adjustment or rate increase, JFC did add a 1% intensity adjustment for non-DD care levels in FY17.
- Funding of \$7,614,400 AF (\$3,186,300 GPR) is added for FY17.
- Of this amount, \$6,295,400 AF is for fee-for-service patient days while the remainder is for Family Care / Pace/Partnership (\$1,070,200 AF) and Hospice (\$251,800 AF) patient days.
- This funding is only for non-DD care levels. There is no intensity or rate increase for DD care levels.



Budget Update

Labor Region Study

- JFC added a provision to require the Department to study the labor region methodology.
- In addition, the Department is required to propose changes to this methodology no later than July 1, 2016.
- The proposed methodology must result in adjustments to direct care costs that reflect labor costs in each county.



Budget Update

Bed Assessment Exemption

- JFC added a provision to exempt from the licensed bed assessment:
- County government-owned institutions for mental disease (IMDs) and
- State-only licensed facilities.
- These exemptions are conditional upon the Centers for Medicare and Medicaid (CMS) finding them to be consistent with federal law and rules on provider taxes.



Budget Update

Nursing Bed Transfers

- JFC added a provision that requires the Department to develop a policy that specifies procedures for applying for, and receiving approval of, the transfer of available, licensed nursing home beds among counties.
- The Department is required to report to JFC no later than July 1, 2016.



Budget Update

County/Municipal Supplements

- The Biennial Budget retains the same funding level of \$39.1 million AF for the supplement.
- The Budget also retains the statutory requirement that any federal revenue based on county/municipal-owned nursing home deficits in excess of biennial budgeted levels would be paid to county/municipal-owned homes.
- The Biennial Budget estimates that the federal revenue based on county/municipal home deficits will be \$35,134,200 both in FY 16 and FY 17.



Budget Update

Family Care Changes

- The Biennial Budget contains significant changes to the Family Care Program that are targeted to begin January 1, 2017.
- Due to the scope of the changes and the need for CMS approval, the implementation date could be later than January 1, 2017.
- Changes that are required to be part of the waiver request to CMS include:
 - Statewide expansion of Family Care
 - Require acute care to be included in the Family Care benefit, including Medicare services to the extent allowed by CMS
 - Increase the size of regions served by MCOs, but require at least five regions
 - Incorporate IRIS into Family Care



Proposed *Methods* Changes

Dave Varana

Nursing Home Policy & Rate Setting



Proposed *Methods* Changes

Potential Rate Change

Ventilator Rate Review – s.4.691

- Second year of data collection underway.
- Workgroup to reconvene later this summer.



Proposed *Methods* Changes

Potential Rate Change

Effective date for RUGS score – s. 2.410

- Picture quarter approach very accurate overall.
- Lags occur between admit date and MDS assessment.
 - Most common cause of “NA” records for Title 19 residents
- Addressing the lag will have a small impact on funding
 - Analysis by CHSRA suggests a potential impact of ca. \$0.05/day for facilities above the Direct Care target



Proposed *Methods* Changes

Clarifications & Edits

Patient day definition – s. 1.315

- Partial day billing is not allowed in ForwardHealth.
- *Methods* allow reporting of partial days.
- Overstating patient days on Schedule 6 *lowers rate*.
- Revise *Methods* to align with billing rules.



Proposed *Methods* Changes

Clarifications & Edits

No bed hold billing for Traumatic Brain Injury (TBI) units – s. 1.510

- Not allowed per DHS internal policy.
- Language not included in *Methods*.
- TBI providers have not billed bed hold.



Proposed *Methods* Changes

Clarifications & Edits

Obsolete reference to Financial Accounting Standards Board (FASB) guidance – s. 3.523

- Update needed to reflect current reference.
- Obsolete reference to FASB Statement No. 13 (GAAP).
- Current reference: ASC 840-30.



Proposed *Methods* Changes

Clarifications & Edits

Confusing reference to GAAP – s. 3.525 (3)

- Depreciation is calculated according to straight line.
- Other approaches may be allowable under GAAP, but not under the *Methods*.



Proposed *Methods* Changes

Clarifications & Edits

Clarifying lease maximum determination – s. 3.523 (3)

- Current *Methods* language on lease maximum for new or replacement facilities is vague.
- Revision documents current audit practice.



Proposed Methods Changes

Clarifications & Edits

Routine Methods language edits

- Updates will be made to effective dates and rate periods.
- Formatting fixes, spelling errors and similar typographical errata will be corrected as identified.



Global Insight Inflation Measurement

Jim Robinson, CHSRA

Review of Global Insight as an Inflation Estimation Tool
and Potential Effects of Changing the Inflation Factor
in Scenario Modelling



Proposed Rate Scenario Modelling

Jim Robinson, CHSRA

Updates to Nursing Wage per Hour & Labor Regions



Proposed Rate Scenario Modelling

Jim Robinson, CHSRA

Proposed Rate Modelling Scenarios



Next Steps

Key upcoming events

- August public meeting
 - Results of Scenario Modelling.
- Vent Rate workgroup
- Review of *Methods* document by provider associations
- Submittal of *Methods* to Centers for Medicare & Medicaid Services (CMS) no later than September 30



Thank You

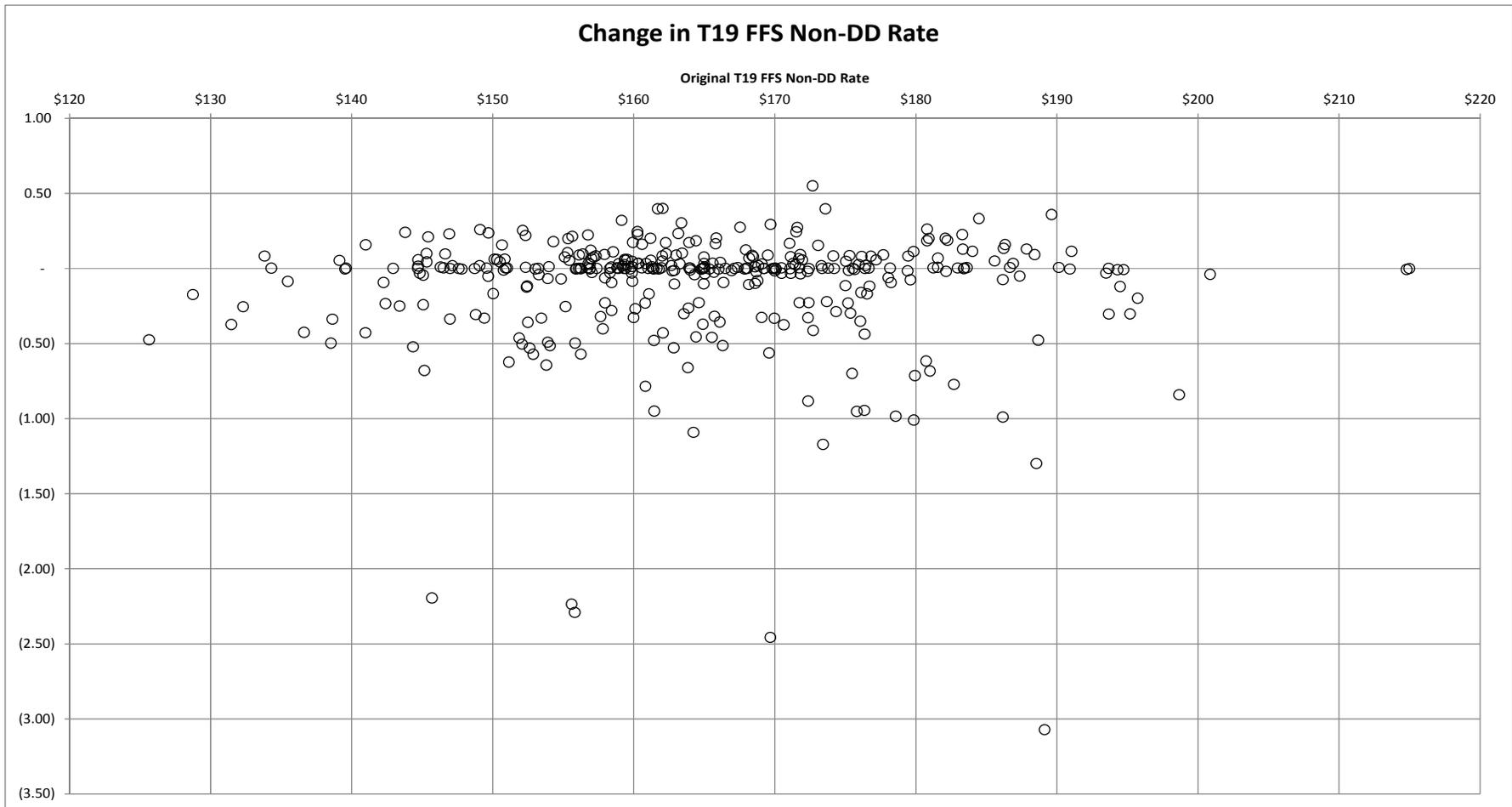
The annual Methods update process relies on provider feedback and expertise.

The audit team appreciates your engagement and commitment.

WI Nursing Home Non-DD Residents as of the February 2015 Extract for the 2014 Q3 Picture Quarter Impact of RUG Carryback for PDs from Admission to First Assessment

Includes in-house and bedhold residents; excludes TBI and ventilator residents

DC Status	Count	Original AllRes NonDD CMI	Adjusted AllRes NonDD CMI	Chg	Original T19FFS NonDD CMI	Adjusted T19FFS NonDD CMI	Chg	T19FFS NonDD PDs (2014Q3)	Original 4/1/2015 Rate	Adjusted 4/1/2015 Rate	Chg	Original Rate Payments	Adjusted Rate Payments	Chg	% Chg
Above	248	1.079	1.087	0.008	1.023	1.024	0.001	921,638	163.36	163.40	0.05	150,554,925	150,599,626	44,702	0.03%
Corridor	15	1.134	1.143	0.008	1.053	1.056	0.002	49,082	164.42	163.38	(1.03)	8,069,935	8,019,237	(50,698)	-0.63%
Below	97	1.150	1.157	0.006	1.096	1.096	0.000	278,536	160.47	160.07	(0.39)	44,696,125	44,586,185	(109,940)	-0.25%
Total	360	1.097	1.104	0.007	1.041	1.041	0.001	1,249,256	162.75	162.66	(0.09)	203,320,984	203,205,048	(115,937)	-0.06%



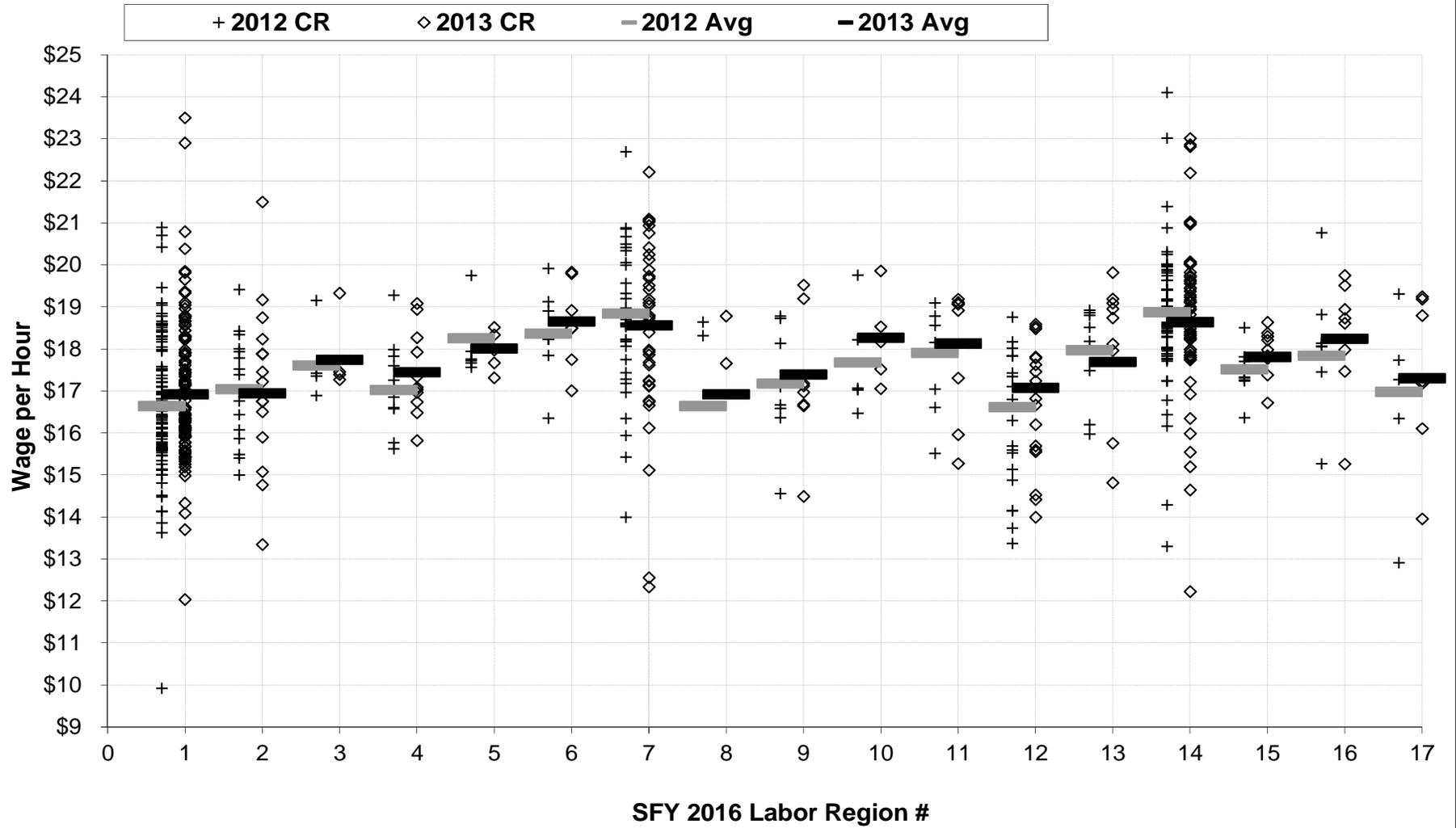
SFY16 WI Medicaid Nursing Home Preliminary Average Nursing Wage per Hour

Excluding County and State/Tribal-Owned Nursing Homes (excludes purchased services and fringe benefits)

Labor Regions	Modeled T19 Patient Day Distribution		Facility Count		Wages (thousands)		Hours (thousands)		Wage per Hour		Percentage Change		Rescaled Industry Index		Rescaled Percentage Change	
	SFY15 Pds	SFY16 Pds	2012 CR	2013 CR	2012 CR	2013 CR	2012 CR	2013 CR	2012 CR	2013 CR	% Inc. 11CR to 12CR	% Inc. 12CR to 13CR	SFY15	SFY16	% Inc. SFY14 to SFY15	% Inc. SFY15 to SFY16
Rural Wisconsin	35.0%	34.8%	108	113	164,732	173,600	9,923	10,275	16.63	16.92	-0.1%	1.7%	0.947	0.957	-0.7%	1.1%
Minneapolis	3.1%	3.1%	15	15	18,486	18,631	1,085	1,100	17.03	16.94	3.6%	-0.6%	0.970	0.958	3.0%	-1.2%
Duluth/Superior	1.2%	1.2%	4	4	7,007	7,124	398	402	17.60	17.74	1.5%	0.8%	1.002	1.003	0.8%	0.1%
Eau Claire	2.6%	2.7%	11	11	21,511	21,781	1,264	1,249	17.01	17.44	3.1%	2.5%	0.969	0.987	2.4%	1.9%
La Crosse	2.1%	2.3%	5	5	13,730	13,766	752	765	18.25	18.00	2.9%	-1.3%	1.039	1.019	2.3%	-1.9%
Wausau	2.5%	2.5%	7	7	14,095	13,055	768	700	18.36	18.65	0.4%	1.6%	1.045	1.055	-0.3%	1.0%
Madison	11.3%	11.4%	34	38	69,497	73,735	3,690	3,973	18.83	18.56	0.7%	-1.5%	1.072	1.050	0.0%	-2.1%
Green County	0.9%	0.8%	2	2	3,055	3,097	166	171	16.63	16.92	-0.1%	1.7%	0.947	0.957	-0.7%	1.1%
Janesville	2.9%	2.8%	8	8	15,713	16,127	915	928	17.17	17.39	2.5%	1.3%	0.977	0.984	1.8%	0.7%
Racine	1.9%	2.1%	5	5	11,276	10,645	638	583	17.67	18.26	1.1%	3.3%	1.006	1.033	0.4%	2.7%
Kenosha	2.7%	3.0%	7	8	14,928	17,386	834	959	17.90	18.12	-3.6%	1.3%	1.019	1.025	-4.3%	0.6%
Green Bay	5.3%	5.6%	18	18	30,966	31,608	1,864	1,852	16.61	17.07	-1.0%	2.7%	0.946	0.966	-1.7%	2.1%
Sheboygan	2.3%	2.3%	9	9	12,848	12,449	715	704	17.97	17.68	-1.0%	-1.6%	1.023	1.000	-1.6%	-2.2%
Milwaukee	18.0%	17.6%	58	58	174,564	166,951	9,254	8,960	18.86	18.63	1.0%	-1.2%	1.074	1.054	0.4%	-1.9%
Appleton	3.3%	3.2%	11	10	19,077	16,404	1,090	922	17.50	17.80	-0.2%	1.7%	0.997	1.007	-0.9%	1.0%
Oshkosh	3.2%	2.9%	6	8	14,211	17,155	797	941	17.83	18.23	-3.0%	2.3%	1.015	1.032	-3.7%	1.7%
Fond Du Lac	1.8%	1.8%	6	7	11,374	13,007	670	752	16.97	17.29	1.0%	1.9%	0.966	0.979	0.3%	1.3%
Total	100.0%	100.0%	314	326	617,068	626,519	34,825	35,234	17.56	17.67	0.7%	0.6%	1.000	1.000	0.0%	0.0%

Note: The figures shown in the above table are preliminary and subject to change. Final labor indices will be available by September 1, 2015.

SFY16 Labor Factor Development *



1 Rural Wisconsin
2 Minneapolis

5 La Crosse
6 Wausau

9 Janesville
10 Racine

13 Sheboygan
14 Milwaukee

3 Duluth/Superior
4 Eau Claire

7 Madison
8 Green County

11 Kenosha
12 Green Bay

15 Appleton
16 Oshkosh
17 Fond Du Lac

** Includes non-County and non-State/Tribal Owned Facilities with 2013 Final Cost Reports.*