Nursing Facility Advisory Council / Provider Fee Advisory Board

January 18, 2023

Agenda

- Announcement, Introductions
- PHE unwind-Eligibility Redeterminations
- P4P/SBS reminders
- PDPM data and transition plan
- Medicare cost removal analysis
- Wage enhancement payment update.
- Public Comment

Public Health Emergency Wind Down

- Federal Omnibus bill allowed for disenrollment of COVID Medicaid population to begin.
- HCPF will be starting this process in March for May redeterminations
- Webinars will begin in February

Pay for Performance

- Application window open
- February 28th due date

Supplemental Behavioral Services

- Application is posted to the website
- COVID accommodations removed, otherwise no changes
- Submission to Christine Bates by March 31, 2023. Christine.Bates1@state.co.us

Possible Medicaid Utilizer Payment

- From Governor's budget proposal
- Additional payment for high Medicaid utilizers
  - $10/day 85%+
  - $5/day for <u>75%</u>-84.99%
- Changes will require a bill
- Data Validation Process

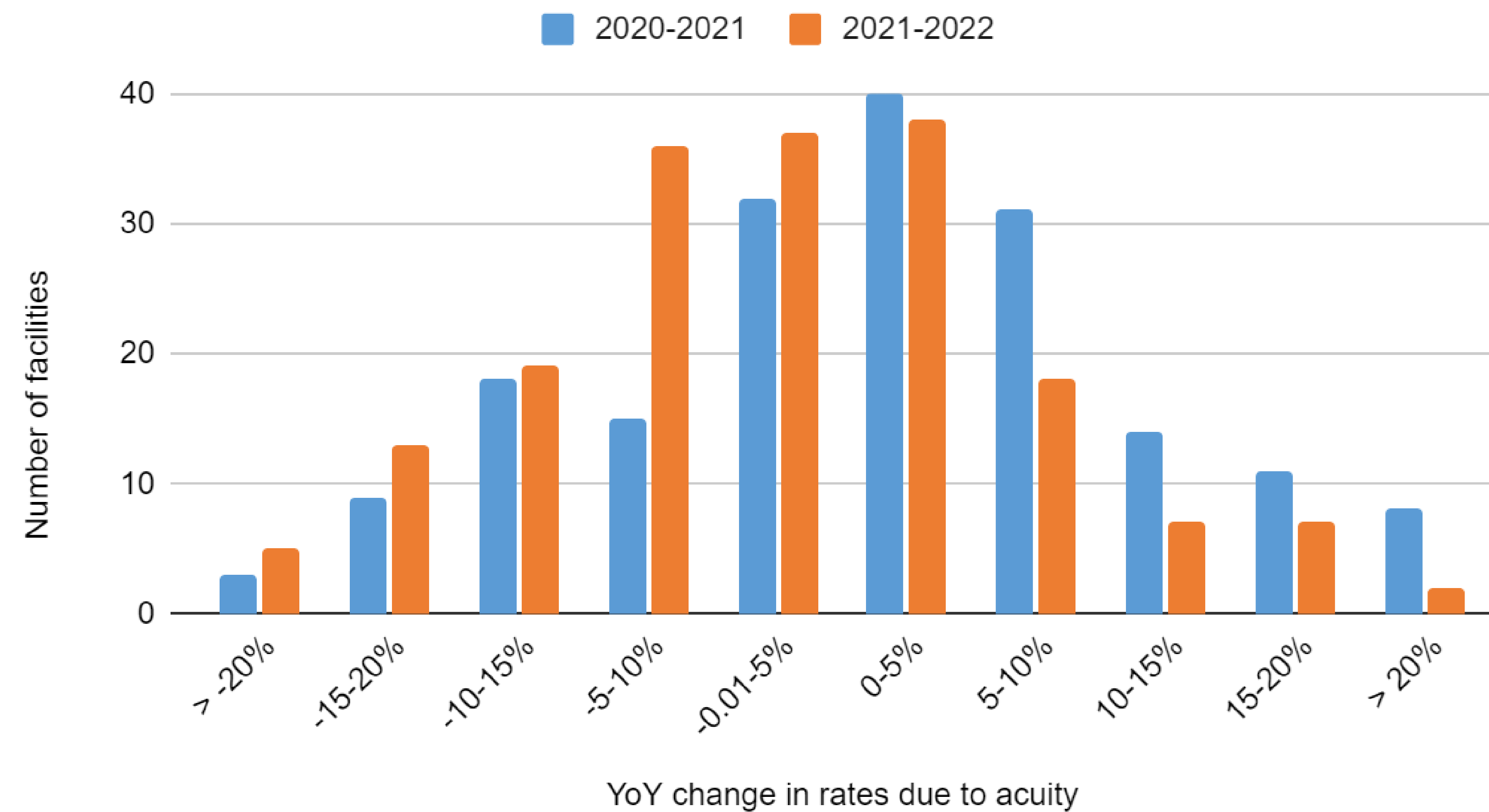
PDPM

- Data collection began Oct 1, 2019. MDS Coordinators have been entering all sections for RUG and PDPM to allow HCPF to analyze impacts on rates.
- Legislative changes were implemented in 2021 allowing HCPF to establish a transition timetable.

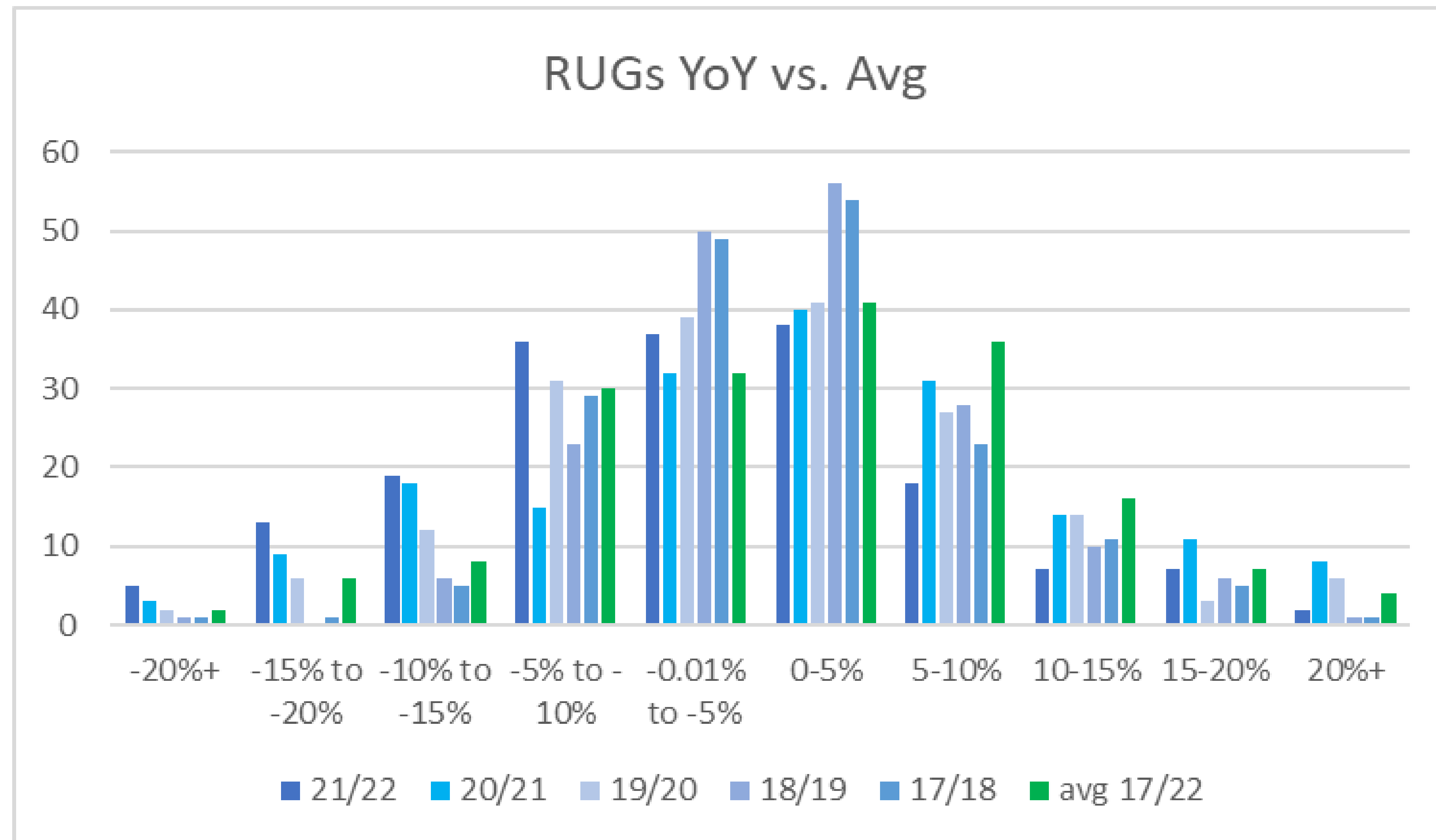
PDPM, cont.

- HCPF used the nursing only component of the PDPM tool based on Federal feedback and internal reviews.
- HCPF is proposing a transition date of July 1, 2023.
  - Impact on rates is in line with any annual change in acuity
  - Prevents the need for an OSA on Oct 1, 2023
- Illinois and Wisconsin have already transitioned

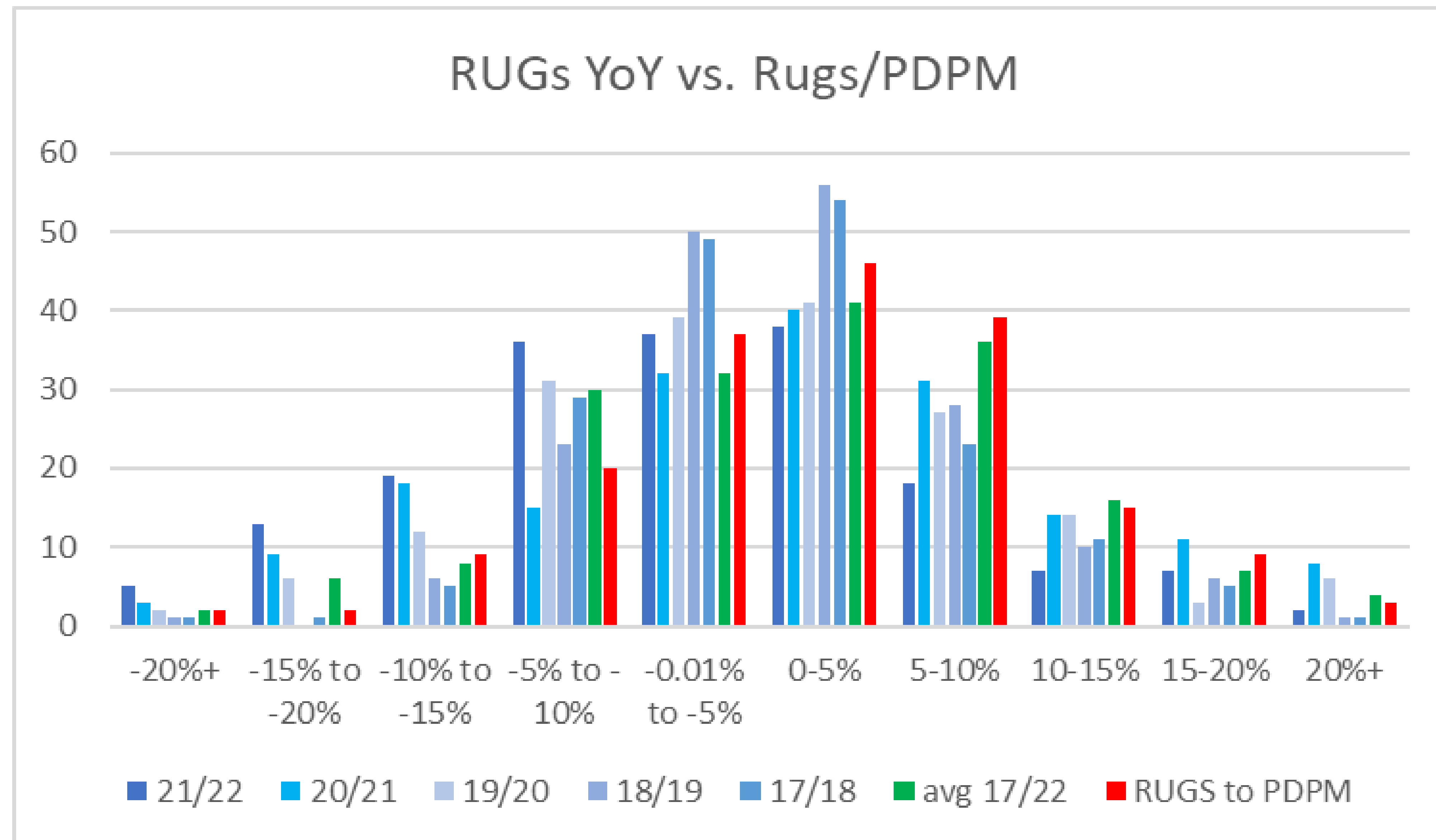
CMI change year over year since 2017 (RUG)



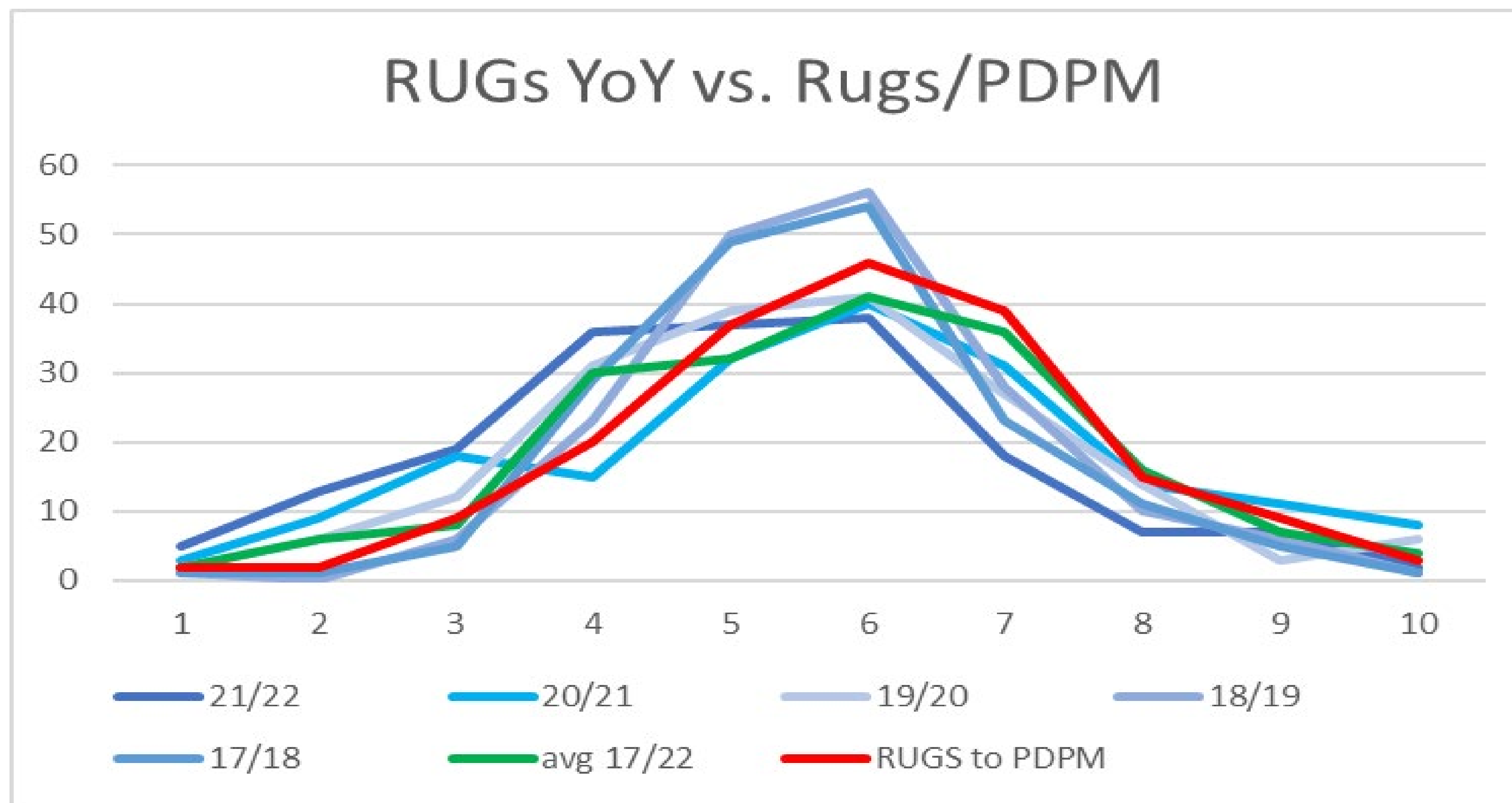
CMI change year over year since 2017 (RUG), cont.



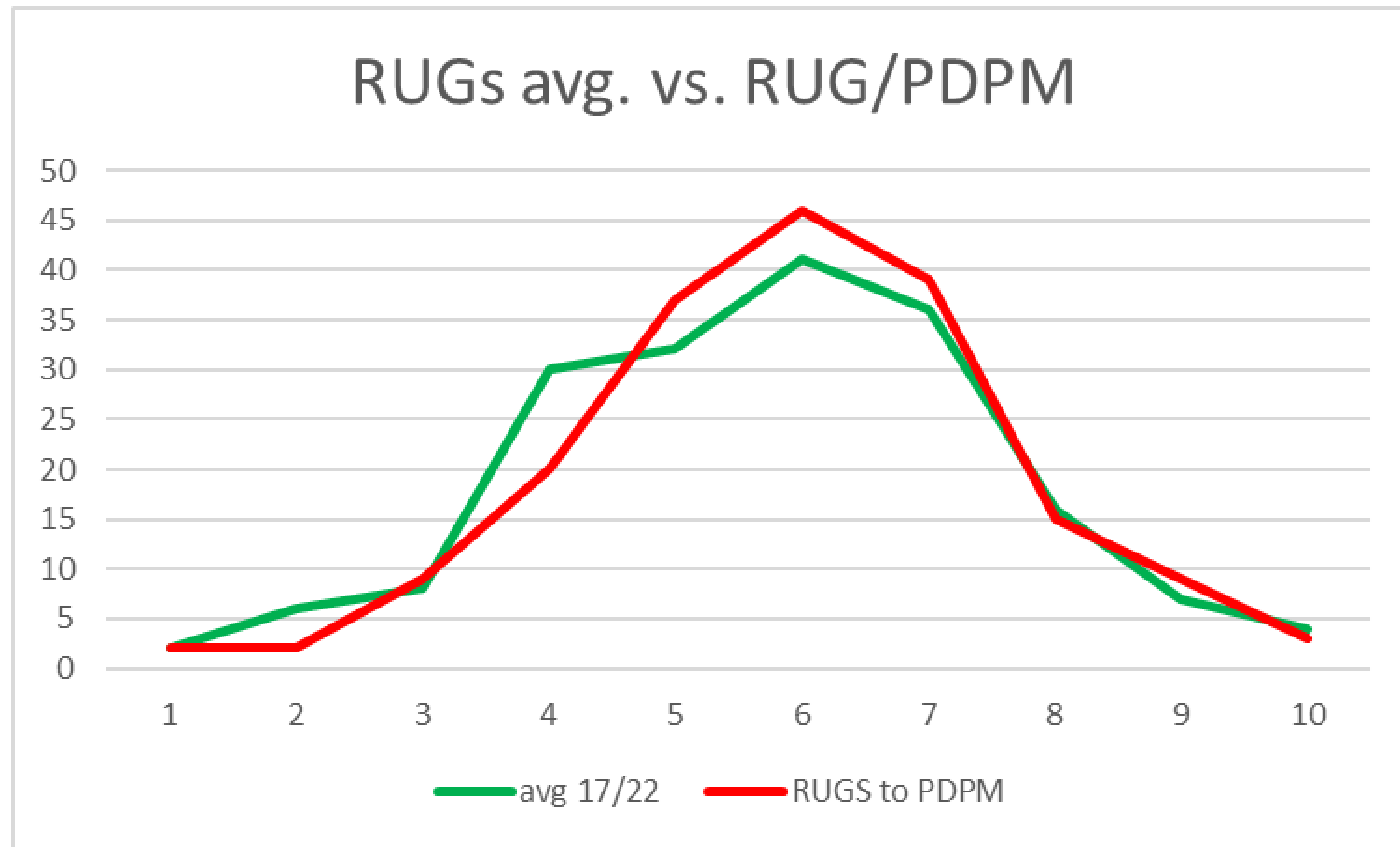
CMI change year over year since 2017 (RUG+PDPM)

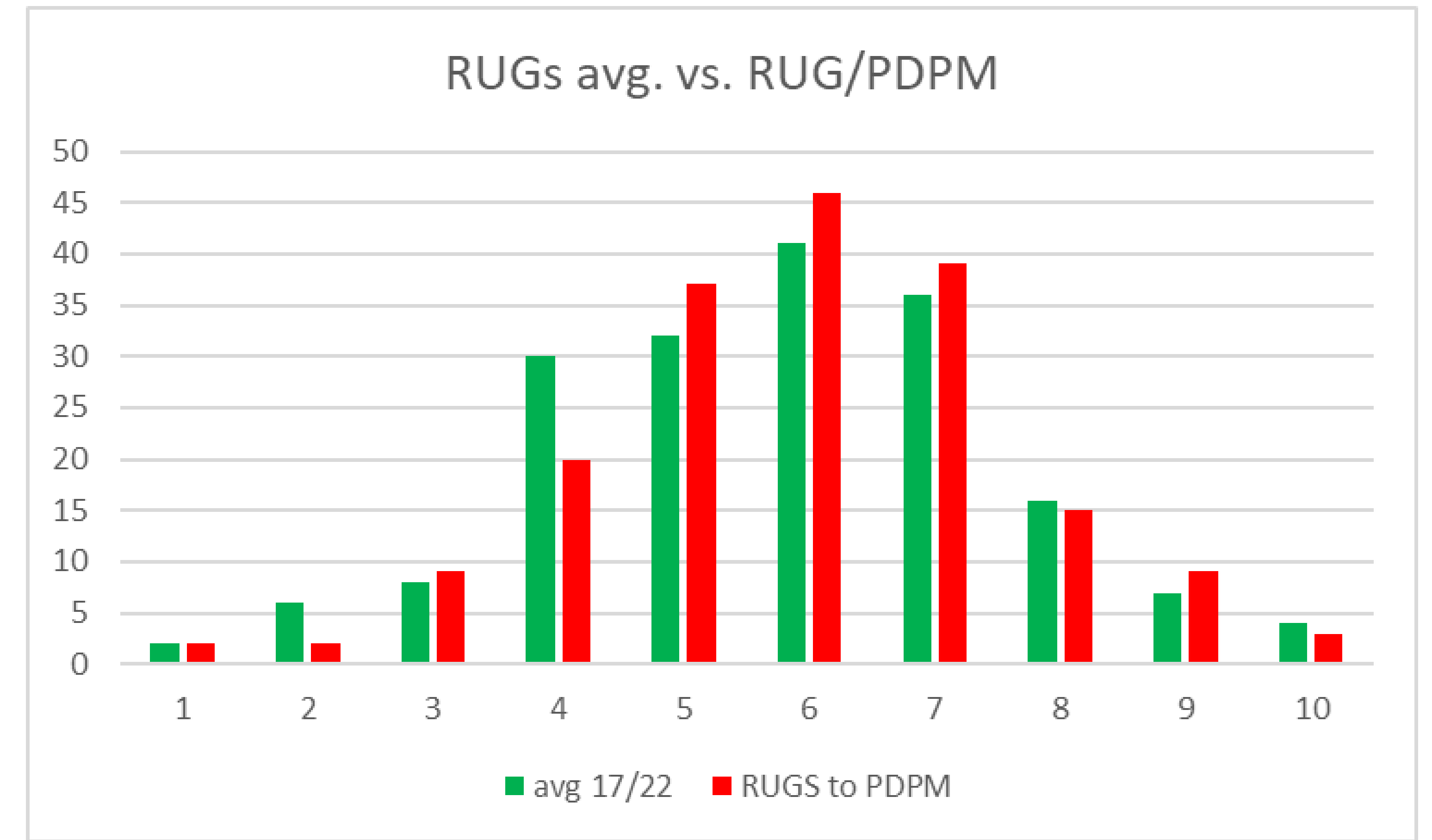


Alternative view



Avg RUG 17/22 vs RUG/PDPM





PDPM Feedback

- HCPF is proposing a transition date of July 1, 2023.
  - Impact on CMI is in line with any annual change in acuity
  - Prevents the need for an OSA on Oct 1, 2023

Medicare Part A Cost (1)

- Medicare Part A costs are an allowable cost included in Medicaid reimbursement
- Level of allowable costs equal levels filed with July 1, 1997 cost report (*26 years ago*)
- Included Medicare costs vary by nursing home based on level of allowable costs and Medicare resident counts

Medicare Part A Cost (2)

- Allowing Medicare costs creates inequitable effect on Medicaid reimbursement
- Nursing homes with more allowable Medicare costs receive greater Medicaid reimbursement
- Offset by nursing homes with less allowable Medicare costs receive less Medicaid reimbursement

Medicare Part A Cost (3)

- Last 10 years Medicare residents have become more concentrated in a small group of nursing homes
- No longer an even distribution of Medicare residents and now very top heavy
- Nursing homes providing a smaller % of care to Medicaid residents get a greater reimbursement compared to nursing homes providing a greater % of care to Medicaid residents

Medicare Part A Cost (4)

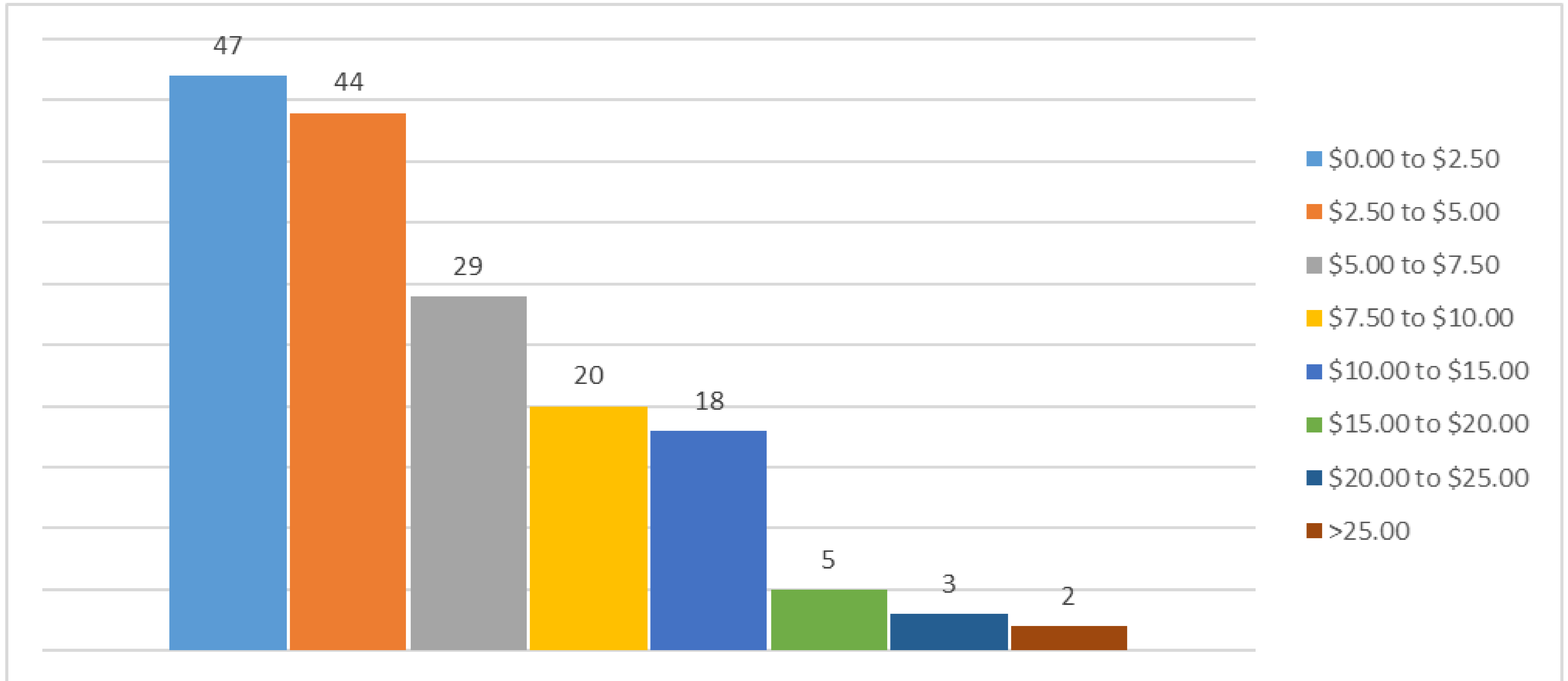
Issue Summary

- Including Medicare costs means the largest Medicaid providers (*who cannot cost shift*) receive reduced Medicaid reimbursement so that smaller Medicaid providers providing more care to Medicare residents (*who can cost shift*) receive a greater Medicaid reimbursement

Medicare Part A Cost (5)

- Removing Medicare Part A costs would reduce **Core components rates** for most nursing homes
  - This is different from the Interchange rate
- Core component reduction would vary by nursing home
- From $0.00 to >$25.00
- More than half of nursing homes would see less than a $5.00 reduction

Medicare Part A Cost (6)



Medicare Part A Cost (7)

- Removing Medicare Part A costs would not reduce aggregate Medicaid reimbursement
  - Actually increase aggregate Medicaid reimbursement
- Equitably rebalance Medicaid reimbursement based on Medicaid costs without Medicare costs
- Average iC rate will be the same
- Total supplemental payments will be the same

Medicare Part A Cost (8)

MMIS Reimbursement						
	0 to 8k	8k to 16k	16k to 24k	24k to 32k	>32k	Total
Original	$ 39,897,137	$ 226,569,053	$ 303,909,441	$ 107,357,197	$ 59,198,760	$ 736,931,588
Revised	$ 39,838,770	$ 225,801,986	$ 304,680,767	$ 107,964,912	$ 59,861,455	$ 738,147,891
$ Diff	$ (58,367)	$ (767,066)	$ 771,326	$ 607,715	$ 662,695	$ 1,216,303
% Diff	-0.15%	-0.34%	0.25%	0.56%	1.11%	0.16%

Supplemental Reimbursement						
	0 to 8k	8k to 16k	16k to 24k	24k to 32k	>32k	Total
Original	$ 3,434,225	$ 30,887,964	$ 47,248,116	$ 16,193,847	$ 8,599,937	$ 106,364,089
Revised	$ 3,476,468	$ 31,297,137	$ 47,147,192	$ 16,042,325	$ 8,398,681	$ 106,364,089
$ Diff	$ 42,243	$ 409,173	$ (100,924)	$ (151,522)	$ (201,256)	$ -
% Diff	1.22%	1.31%	-0.21%	-0.94%	-2.40%	0.00%

Total Reimbursement						
	0 to 8k	8k to 16k	16k to 24k	24k to 32k	>32k	Total
Original	$ 43,331,362	$ 257,457,017	$ 351,157,557	$ 123,551,044	$ 67,798,697	$ 843,295,677
Revised	$ 43,315,238	$ 257,099,123	$ 351,827,959	$ 124,007,237	$ 68,260,136	$ 844,511,980
$ Diff	$ (16,124)	$ (357,893)	$ 670,402	$ 456,193	$ 461,439	$ 1,216,303
% Diff	-0.04%	-0.14%	0.19%	0.37%	0.68%	0.14%

Wage Enhancement Payment (1)

- New payment for any nursing homes that attest a base salary for **all** employees of at least $15/hour
  - Replace Local Minimum Wage Payment
- $ 8 million per year split to across nursing homes who meet the requirements of the payment.

Wage Enhancement Payment (2)

- Must attest each year to be eligible for payment
- Payment based on percentage of total Medicaid hours
- Medicaid hours equals:
  (Total Hours / Total Days) * Medicaid FFS Days

Wage Enhancement Payment (3)

- For SFY 2022-23 a nursing home must attest that the base wage for all employees is at last $15/hour by April 1, 2023
- Payment will then be made before 6/30/2023
- Will review attestation by asking at least 10% of all eligible nursing homes to provide payroll journal data for payment period

Open Comment