Components of the Reimbursement Per Diem

- Operating.
- Patient Care.
  - Direct Care.
  - Indirect Care.
- Property.
  - Cost Based.
  - Fair Rental Value System (FRVS).
Target and Ceiling Limitations

- Target Limitations.
  - Provider Target Limitation.
  - New Provider Target Limitation.

- Ceilings.
  - Cost-Based Class Ceilings.
  - Target Rate Class Ceilings.
Nursing Homes Reimbursement 1998-2009
Occupancy & Medicaid Utilization Percentages
Operating Component
Plan Changes to Operating Component by Rate Semester

- July 1, 2000.
  - Interim Rate Request provision for General and Professional Liability Insurance.

- July 1, 2002.
  - Partial Rebase of Target Limits to address General and Professional Liability Insurance issue ($27 million).
Plan Changes to Operating Component by Rate Semester

- July 1, 2003.
  - Repeal of $27 million for partial rebase of Target Limits due to non-recurring funds.

- July 1, 2007.
  - Full Re-basing of Targets and Ceilings.
  - Floors established for Provider Targets and Target Ceilings.

- January 1, 2008.
  - Provider Specific Target Inflation Multiplier is 2.0.
  - New Targets established based on 7/07 rates.
Nursing Homes Reimbursement 1998-2009
Operating Cost vs Reimbursement
Patient Care Component
Plan Changes to Patient Care Component By Rate Semester

- July 1, 1998.
  - $.25 Add-on.
- April 1, 1999.
  - Case Mix Add-on.
  - Partial Rebase of Target Limits.
- April 1, 2000.
  - Direct Care Staffing Add-on (DCSA).
Plan Changes to Patient Care Component By Rate Semester

  - Prorate DCSA for cost reports that include periods after April 2000.

  - Direct Patient Care Add on.

- January 1, 2002.
  - Eliminated Case Mix Add-on.
  - Patient Care component split into two subcomponents:
    - Direct Patient Care.
    - Indirect Patient Care.
Direct Patient Care

- Salaries and benefits of direct care staff providing nursing care directly to the residents.
- January 1, 2002.
  - Elimination of Target Limits.
  - Limited to lower of Cost or Cost-Based Class Ceiling.
  - Increased staffing ratio minimums.
    - CNA from 1.7 hours/ppd to 2.3 hours/ppd.
    - RN/LPN from .6 hours/ppd to 1.0 hours/ppd.
  - Gross-up adjustment.
Direct Patient Care

  - Increased staffing ratio minimums.
    - CNA from 2.3 hours /ppd to 2.6 hours/ppd.
  - Gross-up adjustment.

  - Direct Patient Care Cost receives its own inflation factor.

  - Increased staffing ratio minimums.
    - CNA from 2.6 hours/ppd to 2.7 hours/ppd min with weekly avg of 2.9.
Nursing Homes Reimbursement 1998-2009
Direct Care Cost vs Reimbursement

Per Diem

Direct Care Average Cost
Direct Care Average Reimbursement
Direct Care Difference
Indirect Patient Care

- All other patient care costs.
- January 1, 2002.
  - Elimination of Target Limits.
  - Limited to lower of Cost or Cost-Based Class Ceiling.
- July 1, 2002.
  - Target Limits return.
Indirect Patient Care

➢ July 1, 2007.
  ▪ Full Re-basing of Targets and Ceilings.
  ▪ Floors established for Provider Targets and Target Ceilings.

➢ January 1, 2008.
  ▪ Provider Specific Target Inflation Multiplier is 2.0.
  ▪ New Targets based on 7/07 rates.
Property and ROE
Nursing Home Reimbursement 1998-2009
Property + ROE Cost vs Reimbursement under Not FRVS

Per Diem

Rate Semester

All Property + ROE Costs  Not FRVS Property + ROE Cost  Not FRVS Property + ROE Reimbursed  Not FRVS Property + ROE Difference
Nursing Homes Reimbursement 1998-2009
Property + ROE Cost vs Reimbursement under FRVS

Per Diem

Rate Semester

All Property + ROE Costs
FRVS Property + ROE Cost
FRVS Rate
FRVS Property + ROE vs Rate Difference