LeadingAge Florida

LeadingAge Florida Comments on the June 30, 2016 PPS Presentation by Navigant

- Guiding Principles - With the exception of the elimination of retroactive rate changes, the budget for any plan that introduces payment rate variations via case-mix adjustments, quality-based adjustments, or any other facility specific adjustments will be no more predictable than the current plan. The current plan already has growth limits (target limits) and under the current law a rate freeze, so budget predictability is very good.
- Stakeholder Comments – LeadingAge Florida believes that the current quality measures used for the CMS 5-star rating are "state of the art" based on rigorous research and are reasonable to use as the basis for quality based adjustments. LeadingAge Florida recognizes that only the 13 long-term resident related quality measures are applicable for the Medicaid population. Further, CMS will continue to improve the quality measures and plans on adding additional measures with the 2018 reporting of assessment and quality data.
- Stakeholder Comments – If providers are not to be penalized for low quality, then the amount of funds used for quality-based adjustments must be adequate to offset some of the inherent losses high quality providers will experience under a pricing model. A three percent limit, suggested in the public comments, is totally inadequate. At a minimum, the funds currently used as a Quality Assessment Add-On and the Medicaid Adjustment Rate should be used as the starting point for quality based

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adjustments. LeadingAge Florida recommends that 10% of the budget be allocated for quality-based payment adjustments.

- Access to Care – A significant number of nursing home providers are operating with certificate of need conditions that require a minimum percentage Medicaid participation. These CON conditions must be modified for those providers that would incur substantial rate reductions under a new plan.
- Page 19 Price-Based vs. Cost-Based – We submit that the phrase "same service" in the definition of price-based model must mean identical economic conditions, identical caseload, and identical quality. Even in a commodity market (and we hope that nursing home care is not going to be considered a commodity) same size TVs vary in price based on their specifications, frequency of repair record, warranty, etc.
- Questions for Consideration –
    - How standardized should the system be?
        - Adjust for wage differences – YES – LeadingAge Florida recommends that geographic differences be taken into account in the new plan. The current regional and size classes may well work, unless current data demonstrates that they do not reflect actual differences in wages and benefits.
        - Adjust for facility size – YES – LeadingAge Florida recommends that facility size be considered in the new model to account for variations in fixed costs.
        - Adjust for acuity differences – YES – LeadingAge Florida recommends that if an acuity/resource utilization model is used, it be based on the same classification used by Medicare PPS but perhaps some of the classes collapsed. Current Florida statutory staffing requirements must be taken into consideration.
        - Adjust for quality differences – As noted earlier in this correspondence, LeadingAge recommends that a very

strong quality component must be a significant component of any new plan. We suggest at least 10% of the total budget by allocated for quality-based adjustment. We recommend the use of a raw overall quality score constructed similarly to that used in CMS Nursing Home Compare but based on staffing, survey compliance and the 16 long term resident quality measures. This statistic will eventually also include resident satisfaction scores when CMS incorporates such a score into Nursing Home Compare. The raw scores, as opposed to rankings, could be used to allocated available funds proportionately to nursing homes with scores above the 60 percentile of all scores.

- Adjust for geography – Please see our answer above for wage differences.
- Adjust for Medicaid beds – N0, but perhaps adjust for Medicaid caseload to ensure that nursing homes with very high Medicaid caseloads remain financially viable.

- What should the basis for the rates be?
  - If a RUGs type case-mix based model is used, then the Indirect Care cost components that are part of the RUGs resource utilization calculations should be transferred into the Direct Care cost center and the remaining Indirect Care cost components should be combined with the Operating cost components to create an Administrative and Support cost center.
  - If a RUGs type case-mix based model is not used, then the Indirect Care and Direct Care cost components should be combined into a single Resident Care cost component.
  - LeadingAge Florida supports special add-on rates for outliers that are not part of the current service mix

(such as ventilator or other medically complex care) but the costs associated with these add-ons should not be carved out from the existing budget. To do otherwise, would introduce costs for services not encompassed by the current budget.

- Should Florida use cost apportionment for differences in acuity? – LeadingAge Florida has no recommendations in this area.
- Should there be a fair rental value system for capital and what should it look like? – YES – LeadingAge Florida recommends that the new plan follow the recommendation made by the legislatively mandated 2009 Reimbursement Workgroup and incorporate a gross FRVS component similar to that used in Georgia.
- Quality Incentive Component – YES, absolutely. At a minimum 10% of the total budget should be used for quality-based adjustments. The current CMS Nursing Home Compare overall raw score (not the stars) should be used to allocate the funds.
- Should there be a transition or phase in period? - YES - LeadingAge Florida recommends a three-year phase-in applicable to all providers not just to those that would receive increased payment rates.
  - Year 1: One-third new rate + two-thirds old rate,
  - Year 2: Two-thirds new rate + one-third old rate,
  - Year 3: 100% new rate.
- What should the time frame be for phase in? Please see our response above.
- Should there be an acuity based measure for reimbursement? Please see our response above.