LeadingAge Florida

Comments for the September 22, 2016 PPS Public Meeting

<u>Response to AHCA Tentative Decisions</u>
At the August PPS Public Meeting the Navigant presentation included two tentative decisions:

- No phase- in, and
- Ramp-up for the quality components

These two tentative decisions are extremely troublesome to LeadingAge Florida because they will cause significant disruptions in our members' operations. The lack of a reasonable phase-in coupled with a ramping up of payments related to quality will result in significant unjustified gains for the worst performing - low cost providers and draconian rate reductions for the high quality- high cost nursing homes. This is the structure of the model that Our Florida Promise (OFP) advocated during the fall of 2015. The LeadingAge Florida PowerPoint presentation is attached for your reference and the table below displays the summary results of our analysis. (Please keep in mind that these numbers represent the OFP plan and are mostly driven by the lack of quality factors and no phase-in.) As an example, one large multi-facility corporation with 76 nursing homes in Florida would gain $17.0 million annually, while maintaining a 3.67 nursing staff hours per resident per day and a Nursing Home Compare average star rating of 2.22. By comparison, the 21 Gold Seal facilities collectively would lose $2.3 million while maintaining 4.28 nursing hours per resident per day and a Nursing Home Compare average star rating of 3.80.

Nursing Home Group	Winners	Losers
Gold Seal	38.1%	61.9%
Nonprofit	39.9%	60.1%
Single Owner (not part of a chain)	24.1%	75.9%
Corporations with more than 24 NHs	76.6%	23.4%
Total Staffing Ratio	3.85hrs	4.26hrs
Per Day Raw Food Cost	$5.05	$7.28
NH Guide Overall (low scores are better)	81.97	66.64
NH Guide Quality of Care (low scores are better)	***30.91***	***26.50***
Total Annual Change	***$95.9M***	***-$95.9M***

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LeadingAge Florida recommended to AHCA that a three or four-year phase-in be incorporated into any new plan and the quality component of the plan should not change during the phase-in years. By allowing for a phase-in, annual losses and gains are tempered and the impact of a quality component is automatically ramped up.

Response to FHCA Proposed Elements

FHCA supports the following four concepts/plan elements:

- ***A Fair Rental Value System that has been designed by Joe Lubarsky, a nationally recognized reimbursement expert.*** The FRVS system supported by FHCA is very similar to that proposed by the Legislatively mandated Medicaid Reimbursement Workgroup Final Report of 2009. LeadingAge Florida was represented on the Workgroup and is in agreement with the FRVS concepts and plan elements recommended by FHCA.
- ***Dedicate 2% (approximately $4.50) of the current reimbursement rate to fund a quality component.*** LeadingAge Florida has developed a conceptual model that calls for a quality-based adjustment of 10%. The adjustment increases the price paid for high quality and reduces the price-based for low quality providers. The adjustment could account for as much as 20% variation in provider rates. LeadingAge Florida does not assign a dedicated amount of funds for the quality adjustments. Indeed, because it is an adjustment in both positive and negative directions its overall effect may be budget neutral. An overall 20% variation between the highest and lowest quality provider payment rates is not unreasonable. LeadingAge Florida strongly opposes the 2% amount dedicated to quality proposed by FHCA.
- ***Dedicate approximately 45% (approximately $3.68) of the current Quality Add-on to fund the revised FRVS component.*** LeadingAge Florida has recommended to AHCA that current funding levels for property and all other components be segregated and budget neutrality be measured separately for the two systems. The new FRVS system will require additional funding and these funds should not be taken from funding operations and patient care. LeadingAge Florida strongly supports securing additional funding during the Legislative process but strongly opposes shifting current operating and patient care funding levels to FRVS payments.
- ***Securing additional appropriated funding for the care of hard to serve residents.*** This issue has been discussed almost from the beginning of the current reimbursement plan. At one time, ventilator care was paid for with a special rate add-on, but budget shortfalls eventually eliminated this add-on. Under the current managed long-term care system, managed care organizations are able to pay for complex care in excess of the AHCA established payment rates, but with rare exceptions this does not occur. LeadingAge Florida is in complete agreement with securing additional funding for hard to serve residents, such as those that require ventilator care.