

AHCA NURSING HOME PROSPECTIVE PAYMENT SYSTEM

4TH NPPS PUBLIC COMMITTEE MEETING

OCTOBER 26, 2016

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SECTION 1:
QUALITY
MEASURES

QUALITY MEASURES

CHANGES FROM SEPTEMBER 2016 MODEL

- Replaced the Depression measure with the Incontinence measure
- Current measures include:
 - Process – Flu Vaccine, Antipsychotic, Restraint
 - Outcomes – UTIs, Pressure Ulcers, Falls, Incontinence, Decline in ADL
 - Structure – Staffing, CMS 5-Star, Florida Gold Seal
- Created a quality score threshold that facilities must exceed to be eligible for quality funding
 - Set at the 30th percentile of scores for the state – (10.5 points)
- All quality data is publically available
 - Every measure excluding the FL Gold Seal is available at:
<https://data.medicare.gov/data/nursing-home-compare>
- ***Will consider replacing or augmenting staffing parameter with staff retention data from CMS when data become available***

QUALITY MEASURES

QUALITY SCORING METHODOLOGY

Process Measures:	.5 Points	1 Point	2 Points	3 Points	Maximum Points per Facility
Flu Vaccine	20% year-over-year improvement. In first year, improvement is calculated as the change from the year preceding the base year to the base year measurement.	Above 50th Percentile	Above 75th Percentile	Above 90th Percentile	3
Antipsychotic		Below 50th Percentile	Below 25th percentile	Below 10th Percentile	3
Restrained		Below 50th Percentile	Below 25th Percentile	Below 10th Percentile	3
Outcomes Measures:	.5 Points	1 Point	2 Points	3 Points	Maximum Points per Facility
UTI	20% year-over-year improvement. In first year, improvement is calculated as the change from the year preceding the base year to the base year measurement.	Below 50th Percentile	Below 25th Percentile	Below 10th Percentile	3
Pressure Ulcers		Below 50th Percentile	Below 25th Percentile	Below 10th Percentile	3
Falls		Below 50th Percentile	Below 25th Percentile	Below 10th Percentile	3
Incontinence		Below 50th Percentile	Below 25th Percentile	Below 10th Percentile	3
ADLs		Below 50th Percentile	Below 25th Percentile	Below 10th Percentile	3
Structure Measures:	No Points Awarded To Those Under Median	2 Points	4 Points	6 Points	Maximum Points per Facility
Combined Direct Care Staffing (Includes RN, LPN, CNA) plus Social Work and Activity Staffing (when available)	N/A	Above 50 th Percentile	Above 75th Percentile	Above 90th Percentile	6
Five-Star Quality Rating	N/A	3 Stars	4 Stars	5 Stars	6
Florida Gold-Seal	N/A	N/A	Awarded	N/A	4

QUALITY MEASURES

CMS QUALITY MEASURE DESCRIPTIONS

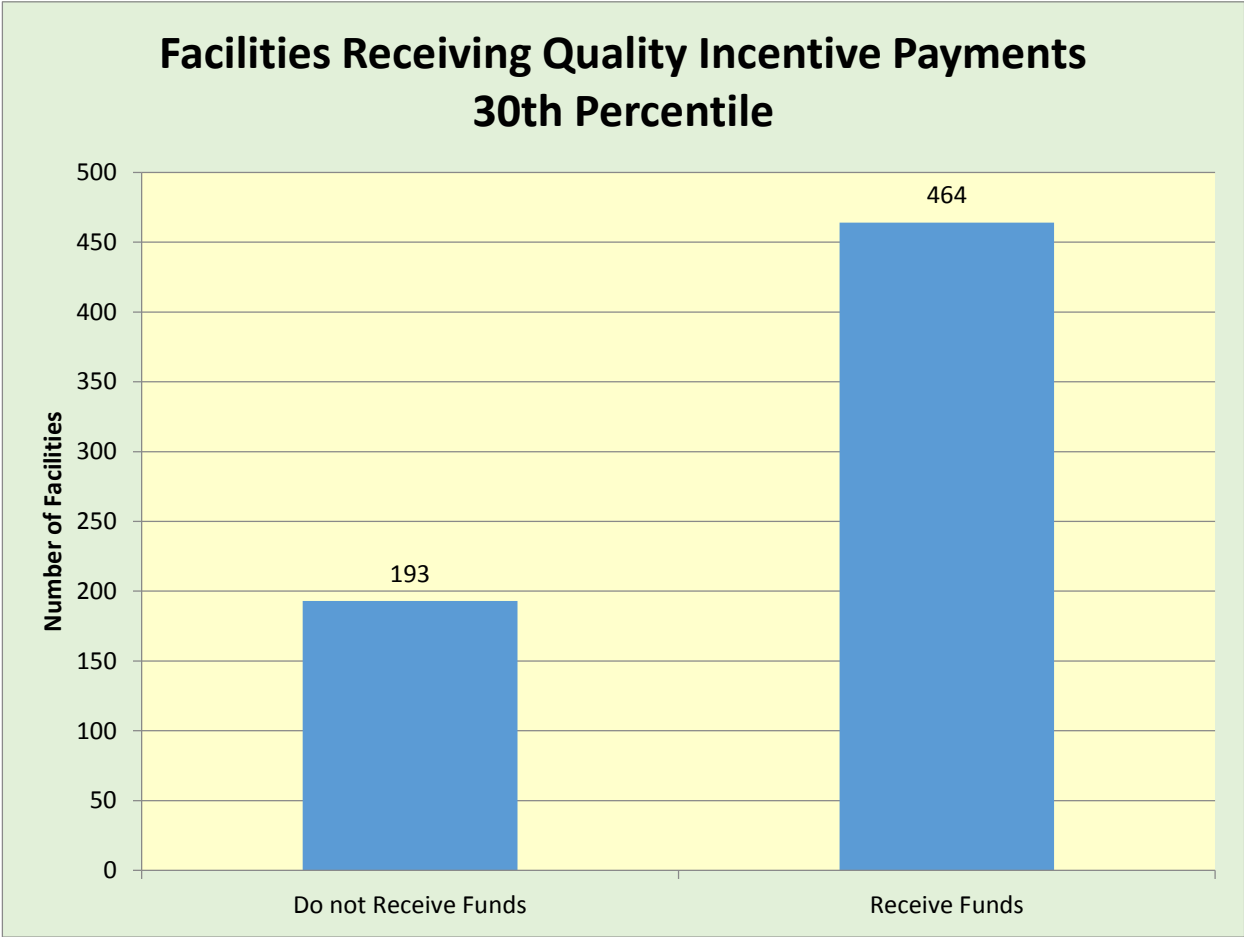
CMS Quality Measure	Description
Flu Vaccine	Percent of Residents Assessed and Appropriately Given the Seasonal Influenza Vaccine
Antipsychotic	Percent of Residents Who Received an Antipsychotic Medication
Restrained	Percentage of long-stay residents who were physically restrained
UTI	Percentage of long-stay residents with a urinary tract infection
Pressure Ulcers	Percentage of high risk long-stay residents with pressure ulcers
Falls	Percentage of long-stay residents experiencing one or more falls with major injury
Incontinence	Percentage of low risk long-stay residents who lose control of their bowels or bladder
ADLs	Percentage of long-stay residents whose need for help with daily activities has increased

QUALITY MEASURES

RANGE OF QUALITY SCORES

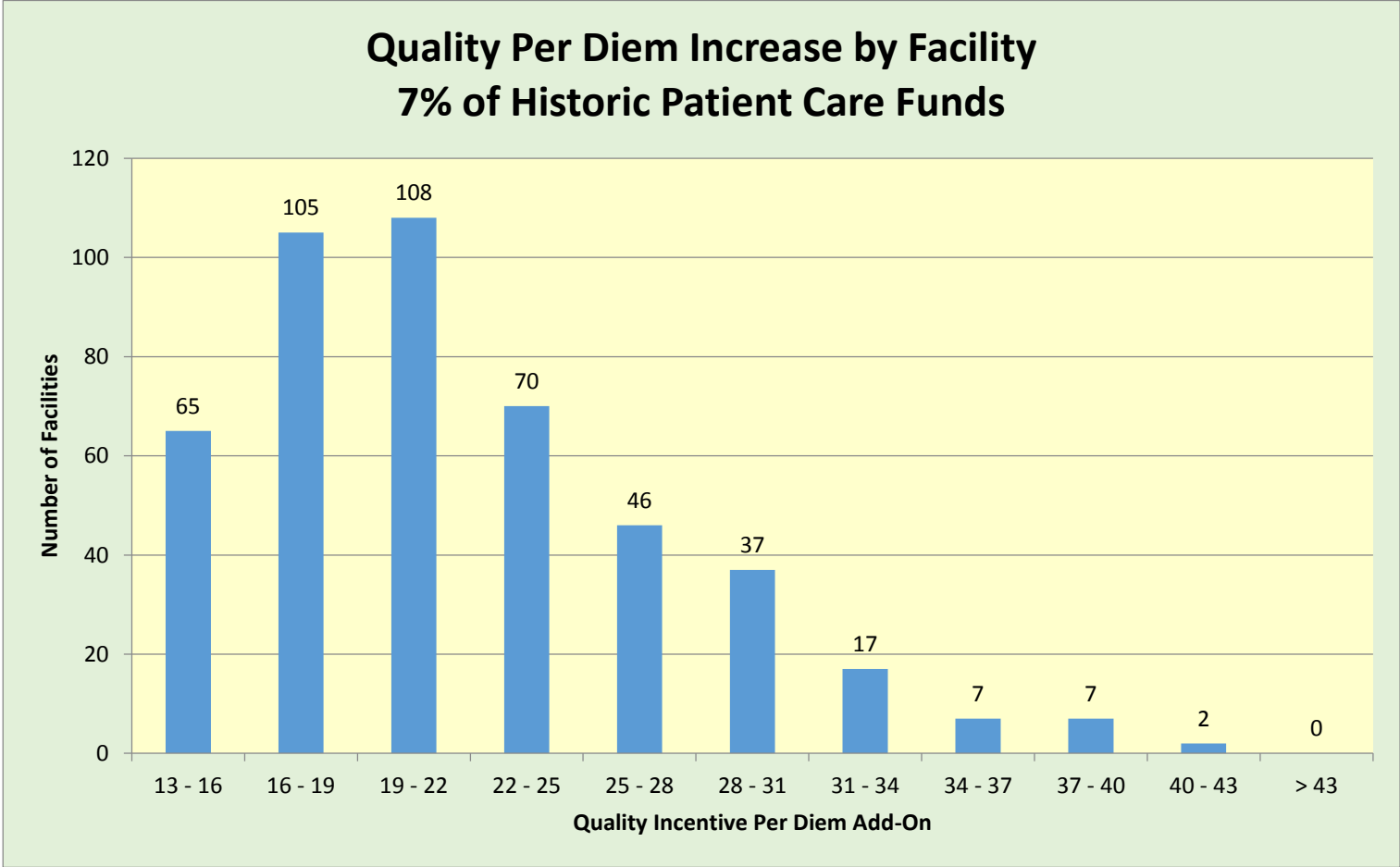


NUMBER OF PROVIDERS QUALIFYING AT 30TH PERCENTILE

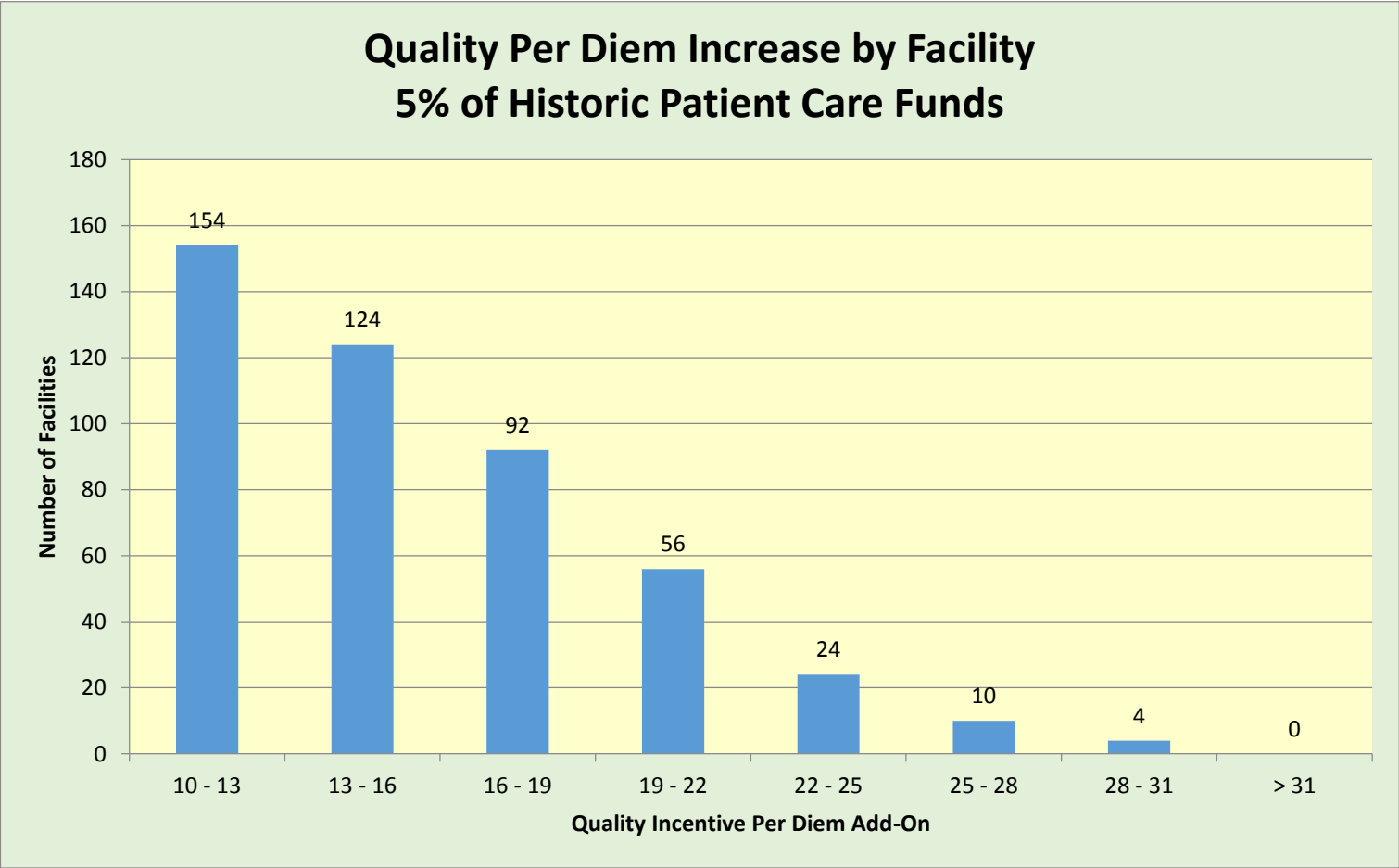



QUALITY MEASURES

RANGE OF PER DIEM PAYMENTS – 7%



QUALITY MEASURES RANGE OF PER DIEM PAYMENTS – 5%





SECTION 2:
REVIEW OF
INDUSTRY
SUGGESTIONS

REVIEW OF INDUSTRY SUGGESTIONS


PEER GROUPING BASED ON CURRENT PER DIEMS

Per Diem Quintile	Quality Quintile					Total
	1	2	3	4	5	
1	50	24	18	14	10	132
2	31	40	28	26	17	131
3	21	19	20	23	20	131
4	20	31	41	33	34	131
5	10	17	24	35	51	132
Totals	132	131	131	131	132	657

REVIEW OF INDUSTRY SUGGESTIONS

PEER GROUPING BASED ON CURRENT PER DIEMS

Quintile	Patient Care Rate	
1	Max	267.84
	Median	222.75
	Min	212.77
2	Max	212.64
	Median	204.07
	Min	196.81
3	Max	196.79
	Median	190.98
	Min	182.15
4	Max	182.13
	Median	173.81
	Min	166.71
5	Max	166.67
	Median	159.69
	Min	140.43



SECTION 3:
SUMMARY OF
MOST RECENT
MODELS

CHARACTERISTICS OF SIMULATION MODELS 18-21

1. A quality score was determined for each facility
2. FRVS calculations including adjustments to facility age based on renovation data collected by AHCA in conjunction with FHCA and LeadingAge (485 facilities responded)
3. Pediatric nursing home residents have been removed from the models
4. A new mapping of costs to per diem components as applied
5. A \$200 per day add-on payment was included for ventilator care
(numbers in this presentation include overstated ventilator days for Plantation Nursing & Rehab Center and Sabal Palms Health Care Center)

OVERVIEW OF SIMULATIONS

COST SHIFT BETWEEN PER DIEM COMPONENTS

Cost Category	Current Per Diem Component	Suggested New Per Diem Component
DPC = Direct Care of Resident Care Costs	Direct	Direct
PT = Physical Therapy	Split between Indirect and Operating	Direct
S/AT = Speech and Audiological Therapy	Split between Indirect and Operating	Direct
OT = Occupational Therapy	Split between Indirect and Operating	Direct
PEN = Parenteral/Enteral (PEN) Therapy	Split between Indirect and Operating	Direct
I/RT = Inhalation/Respiratory Therapy	Split between Indirect and Operating	Direct
IV = IV Therapy	Split between Indirect and Operating	Direct
DIET = Dietary	Indirect	Direct
IPC = Indirect Care of Resident Care Costs (Nursing Services, employee related expenses)	Indirect	Indirect
ACT = Activities Services	Indirect	Indirect
SOC = Social Services	Indirect	Indirect
COM = Complex Medical Equipment	Split between Indirect and Operating	Indirect
MEDS = Medical Supplies Charges to Residents	Split between Indirect and Operating	Indirect
AA = Other Allowable Ancillary Cost Centers	Split between Indirect and Operating	Indirect
CENT = Central Supply Room Services	Indirect	Indirect
MEDR = Medical Records	Indirect	Operating
PO = Plant Operation	Operating	Operating
HSK = Housekeeping	Operating	Operating
ADM = Administration	Operating	Operating
L&L = Laundry and Linen	Operating	Operating

OVERVIEW OF PRICING MODELS

FRVS - SOURCE OF DATA

1. Using facility renovation survey data from FHCA (485 facilities responded)
2. Using maximum of total facility square feet (from renovation survey) or patient care square feet (from cost report)?
3. Using number of beds from cost report, even when that number disagrees with value in survey response.

FAIR RENTAL VALUE SYSTEM PARAMETERS

Parameter	Current Model Value
RSMMeans Cost per Square Foot:	\$200.72
Land Allocation Percentage:	10%
Equipment Cost Per Bed:	\$8,000
Depreciation Factor:	1.5%
Fair Rental Rate:	7.5%
Minimum Occupancy:	90%
Maximum Facility Age:	30
Minimum Square Footage Per Bed:	0
Maximum Square Footage Per Bed:	600
Budget Neutrality Multiplier:	1.14052
Min Renovation Cost to Lower Facility Age:	\$1,000 per bed

OVERVIEW OF PRICING MODELS

SUMMARY OF MOST RECENT MODEL PARAMETERS

	Simulation 18	Simulation 19	Simulation 20	Simulation 21
Peer Groups	<ul style="list-style-type: none"> North = Regions 1-9; South = Regions 10, 11 			
Capital - FRVS	<ul style="list-style-type: none"> See separate FRVS slide for parameters Property taxes and insurance treated as pass-through: Home office costs included with Operating Cost category. 			
Direct Care	<ul style="list-style-type: none"> 110% of median 95% floor 	<ul style="list-style-type: none"> 115% of median 95% floor 	<ul style="list-style-type: none"> 100% of median No floor 	<ul style="list-style-type: none"> 105% of median 90% floor
Indirect Care	<ul style="list-style-type: none"> 100% of median 95% floor 	<ul style="list-style-type: none"> 105% of median 95% floor 	<ul style="list-style-type: none"> 95% of median No floor 	<ul style="list-style-type: none"> 96% of median 90% floor
Operating	<ul style="list-style-type: none"> 90% of median 	<ul style="list-style-type: none"> 93% of median 	<ul style="list-style-type: none"> 90% of median 	<ul style="list-style-type: none"> 90% of median
Quality	<ul style="list-style-type: none"> 7% of funding 30th percentile threshold 	<ul style="list-style-type: none"> 5% of funding 30th percentile threshold 	<ul style="list-style-type: none"> 7% of funding 30th percentile threshold 	<ul style="list-style-type: none"> 7% of funding 30th percentile threshold
Budget Neutrality Multipliers	<ul style="list-style-type: none"> Non-Property 0.918 Property 1.14052 	<ul style="list-style-type: none"> Non-Property 0.9976 Property 1.14052 	<ul style="list-style-type: none"> Non-Property 1.00153 Property 1.14052 	<ul style="list-style-type: none"> Non-Property 0.99936 Property 1.14052

OVERVIEW OF PRICING MODELS

KEY PARAMETERS TO REVIEW

- Models reflect current direction of Governance Committee and Navigant simulation modeling
- Seeking stakeholder input on following key features:
 - Percentage of amount withheld for funding of quality incentive payments. Currently considering either 7% or 5% - both values are reflected in most current models.
 - Should floors be incorporated into the direct and indirect components? Currently considering 90% and 95% floors – both values are reflected in most current models.

OVERVIEW OF PRICING MODELS

MODEL RATE COMPONENTS – NORTH (REGIONS 1-9)

		Sim 18	Sim 19	Sim 20	Sim 21
Direct Care	Median	\$101.83			
	Rate Value	\$112.02*	\$117.11*	\$101.83	\$106.92*
Indirect Care	Median	\$32.26			
	Rate Value	\$32.26*	\$33.87*	\$30.65	\$30.97*
Operating	Median	\$50.40			
	Rate Value	\$45.36	\$46.87	\$45.36	\$45.36
Sum of Component Values Before Capital, Quality and Pass-Thru Amounts	Sum	\$189.64*	\$197.85*	\$177.84	\$183.25*


* Before application of floor.

OVERVIEW OF PRICING MODELS

MODEL RATE COMPONENTS – SOUTH (REGIONS 10 & 11)

		Sim 18	Sim 19	Sim 20	Sim 21
Direct Care	Median	\$109.51			
	Rate Value	\$120.46*	\$125.94*	\$109.51	\$114.99*
Indirect Care	Median	\$35.30			
	Rate Value	\$35.30*	\$37.06*	\$33.53	\$33.88*
Operating	Median	\$56.61			
	Rate Value	\$50.95	\$52.65	\$50.95	\$50.95
Sum of Component Values Before Capital, Quality and Pass-Thru Amounts	Sum	\$206.71*	\$215.65*	\$193.99	\$199.82*

* Before application of floor.



SECTION 4:
RESULTS OF
RECENT PRICING
MODELS

SIMULATION 18

NON-PROPERTY PER DIEM PARAMETERS

Direct Care Component

Region	Median DC	% of Median	DC Price	DC Floor			
North	\$101.83	110%	\$112.02	95.0%	Add-On 1 Per Diem:	\$200	Ventilator Care
South	\$109.51	110%	\$120.46	95.0%	Add-On 2 Per Diem:	\$0.00	
					Add-On 3 Per Diem:	\$0.00	

Indirect Care Component

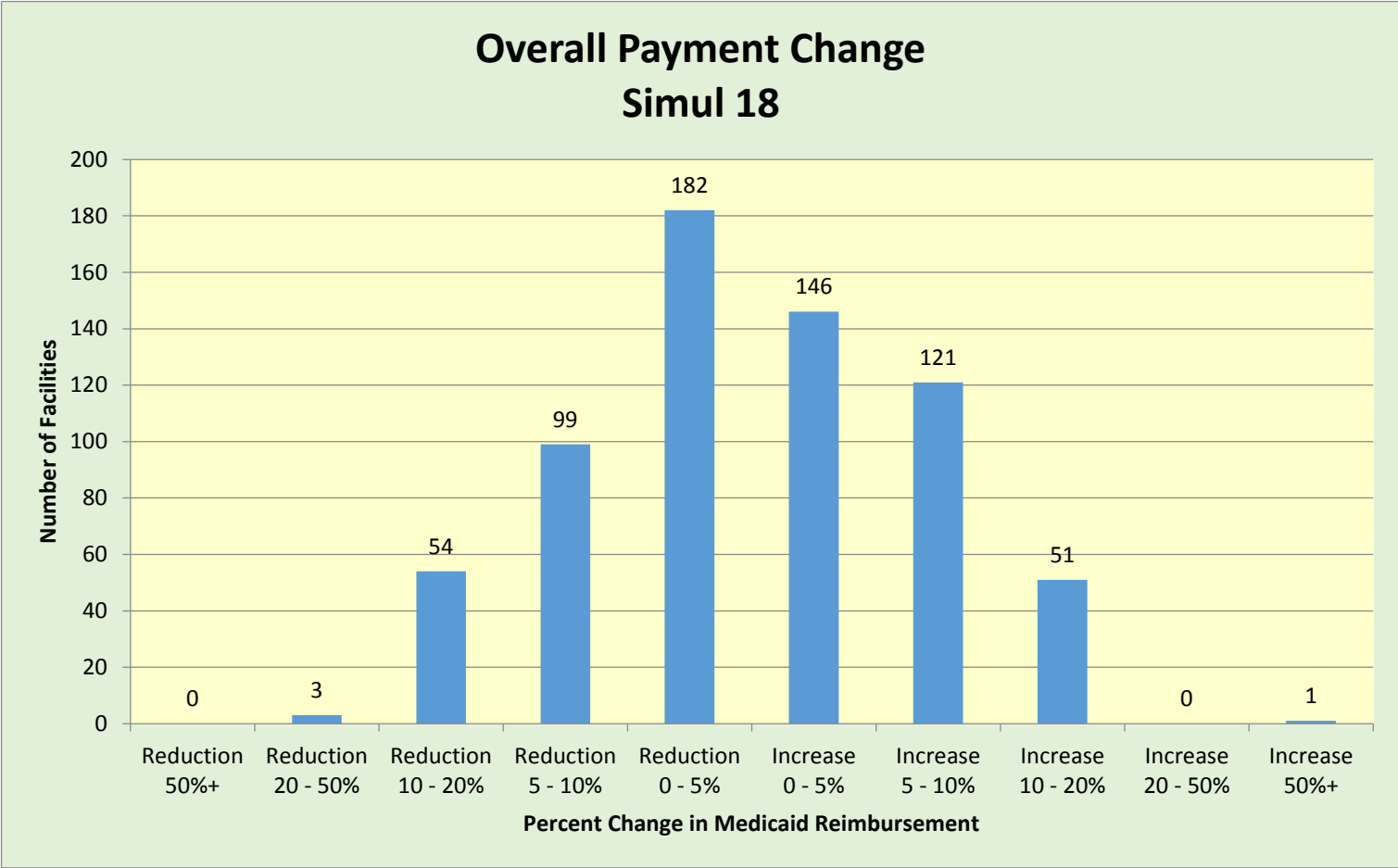
Region	Median Indirect	% of Median	Indirect Price	Indirect Floor
North	\$32.26	100%	\$32.26	95.0%
South	\$35.30	100%	\$35.30	95.0%

Operating Component

Region	Median Operating	% of Median	Operating Price	Operating Floor
North	\$50.40	90%	\$45.36	0.0%
South	\$56.61	90%	\$50.95	0.0%

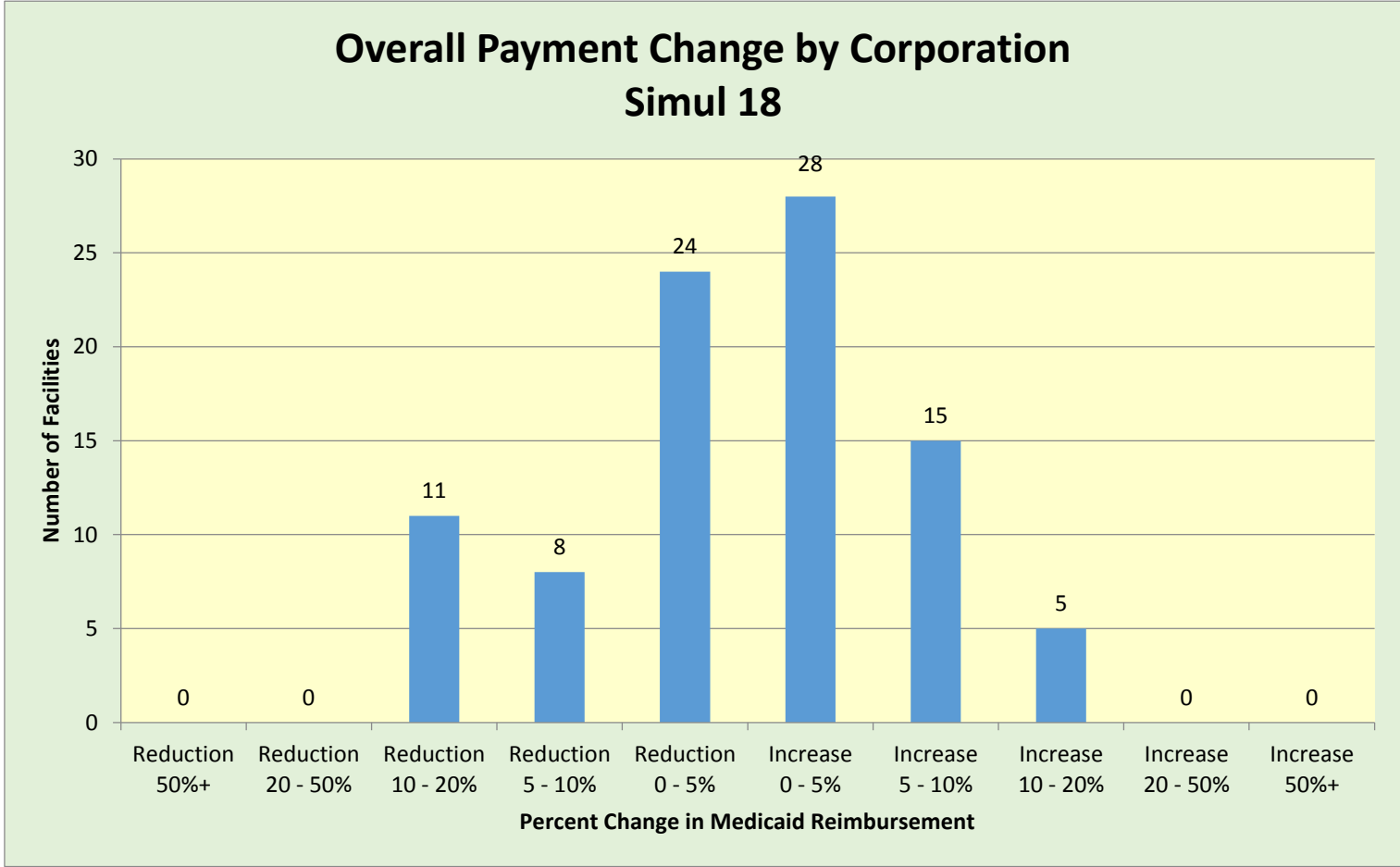
SIMULATION 18

SUMMARY OF CHANGES IN REIMBURSEMENT BY FACILITY



SIMULATION 8

SUMMARY OF CHANGES IN REIMBURSEMENT BY CORPORATION



SIMULATION 18

TOP 15 INCREASES AND DECREASES BY CORPORATION

Decreases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Hallmark Accounting	-\$10,985,223	-9%
Independent	-\$9,455,308	-1%
Gulf Coast Healthcare, LLC	-\$8,120,381	-4%
Greystone Healthcare Management, LLC	-\$5,403,299	-4%
St. Vincent Health System	-\$1,802,360	-15%
Bon Secours Health System, Inc	-\$1,543,295	-10%
Lyric Healthcare Holdings III, Inc	-\$1,377,392	-5%
Council on Aging of Florida, Inc.	-\$1,071,076	-7%
Cypress Administrative Services, LLC	-\$894,893	-4%
LifeSpace Communities, Inc.	-\$838,914	-16%
HPSA, Inc.	-\$718,022	-11%
Catholic Health Services	-\$715,282	-2%
Baycare Health System	-\$689,911	-10%
Life Care Centers Of America	-\$630,286	-1%
Preferred Care, Inc.	-\$585,394	-4%

Increases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Adventist Care Centers	\$794,803	7%
Stirling LTC, Corp	\$812,951	3%
KR Management, LLC	\$817,878	9%
Saber Healthcare Group, LLC	\$820,911	18%
Genesis HealthCare Corp	\$995,529	4%
Traditions Management of Florida, LLC	\$1,034,875	8%
The Goodman Group, LLC	\$1,325,249	10%
Sunbelt Health Care Centers, Inc.	\$1,372,490	5%
Health Services Mgt., Inc.	\$2,245,667	7%
SMJ Enterprises, LLC	\$2,347,489	6%
Millenium Health Systems	\$3,115,554	9%
Summit Care II, Inc	\$3,356,807	5%
Consulate Management Company	\$4,540,693	1%
HCR Manor Care	\$5,839,155	5%
Southern HealthCare Management, LLC	\$9,839,044	7%

SIMULATION 19

NON-PROPERTY PER DIEM PARAMETERS

Direct Care Component

Region	Median DC	% of Median	DC Price	DC Floor			
North	\$101.83	115%	\$117.11	95.0%	Add-On 1 Per Diem:	\$200	Ventilator Care
South	\$109.51	115%	\$125.94	95.0%	Add-On 2 Per Diem:	\$0.00	
					Add-On 3 Per Diem:	\$0.00	

Indirect Care Component

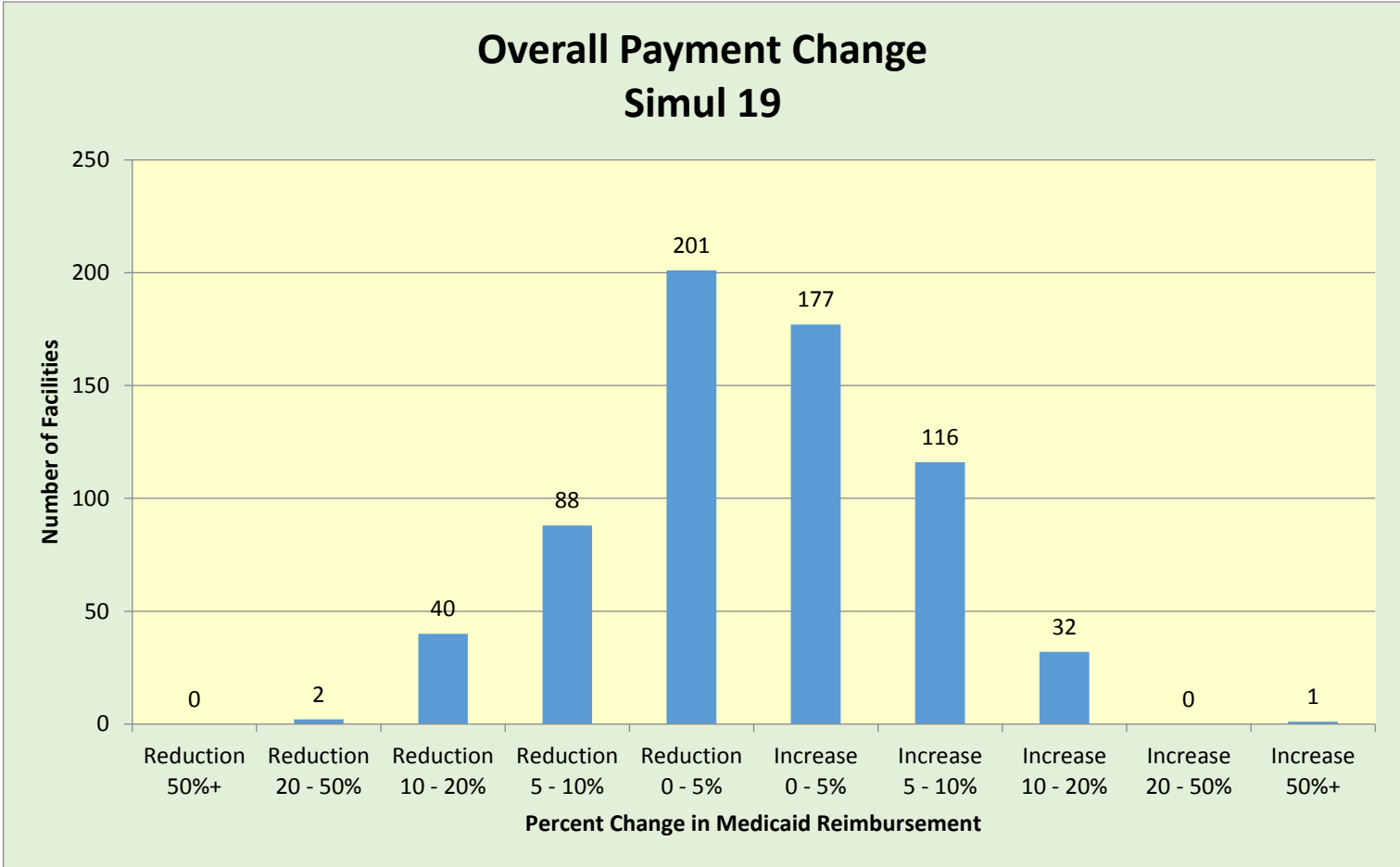
Region	Median Indirect	% of Median	Indirect Price	Indirect Floor
North	\$32.26	105%	\$33.87	95.0%
South	\$35.30	105%	\$37.06	95.0%

Operating Component

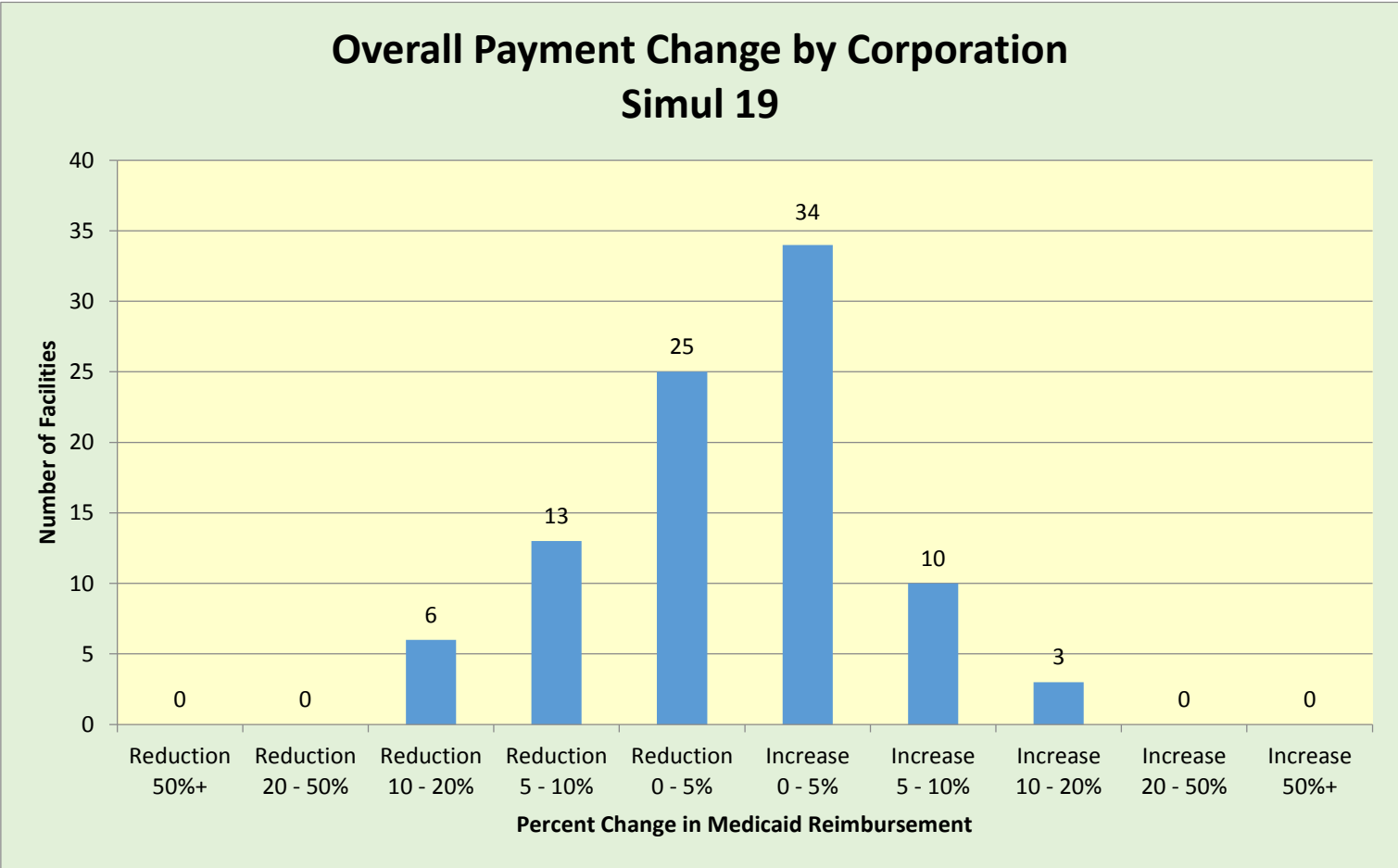
Region	Median Operating	% of Median	Operating Price	Operating Floor
North	\$50.40	93%	\$46.87	0.0%
South	\$56.61	93%	\$52.65	0.0%

SIMULATION 19

SUMMARY OF CHANGES IN REIMBURSEMENT



SUMMARY OF CHANGES IN REIMBURSEMENT BY CORPORATION



SIMULATION 19

TOP 15 INCREASES AND DECREASES BY CORPORATION

Decreases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Gulf Coast Healthcare, LLC	-\$9,067,522	-4%
Hallmark Accounting	-\$8,395,783	-7%
Independent	-\$6,263,978	-1%
Greystone Healthcare Management, LLC	-\$4,553,550	-3%
St. Vincent Health System	-\$1,413,007	-12%
Bon Secours Health System, Inc	-\$1,335,880	-8%
Cypress Administrative Services, LLC	-\$1,169,541	-5%
Lyric Healthcare Holdings III, Inc	-\$1,116,215	-4%
Council on Aging of Florida, Inc.	-\$950,293	-6%
LifeSpace Communities, Inc.	-\$836,844	-16%
Baycare Health System	-\$623,610	-9%
Catholic Health Services	-\$617,121	-2%
HPSA, Inc.	-\$612,835	-9%
Preferred Care, Inc.	-\$592,927	-4%
Stacey Enterprises, Inc	-\$450,472	-5%

Increases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Saber Healthcare Group, LLC	\$690,297	15%
Traditions Management of Florida, LLC	\$758,810	6%
Stirling LTC, Corp	\$832,697	3%
Westminster Services	\$988,291	4%
Genesis HealthCare Corp	\$1,036,872	4%
The Goodman Group, LLC	\$1,120,809	9%
Sunbelt Health Care Centers, Inc.	\$1,236,900	5%
Avante Group, Inc.	\$1,257,510	2%
Health Services Mgt., Inc.	\$1,585,526	5%
SMJ Enterprises, LLC	\$2,343,814	6%
Consulate Management Company	\$2,393,793	1%
Summit Care II, Inc	\$3,027,110	5%
Millenium Health Systems	\$3,061,123	9%
HCR Manor Care	\$4,957,985	4%
Southern HealthCare Management, LLC	\$8,227,623	6%

SIMULATION 20

NON-PROPERTY PER DIEM PARAMETERS

Direct Care Component

Region	Median DC	% of Median	DC Price	DC Floor			
North	\$101.83	100%	\$101.83	0.0%	Add-On 1 Per Diem:	\$200	Ventilator Care
South	\$109.51	100%	\$109.51	0.0%	Add-On 2 Per Diem:	\$0.00	
					Add-On 3 Per Diem:	\$0.00	

Indirect Care Component

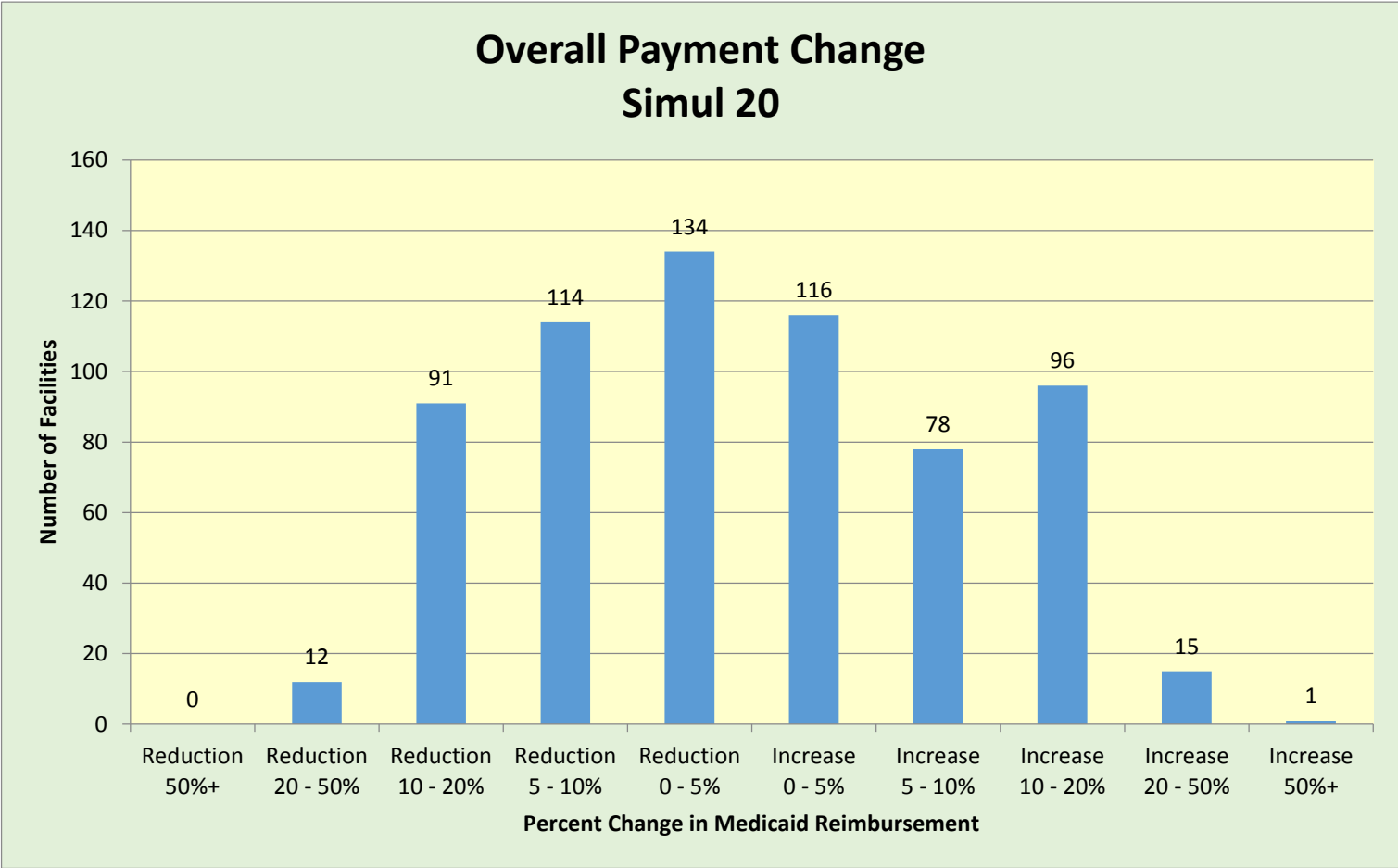
Region	Median Indirect	% of Median	Indirect Price	Indirect Floor
North	\$32.26	95%	\$30.65	0.0%
South	\$35.30	95%	\$33.53	0.0%

Operating Component

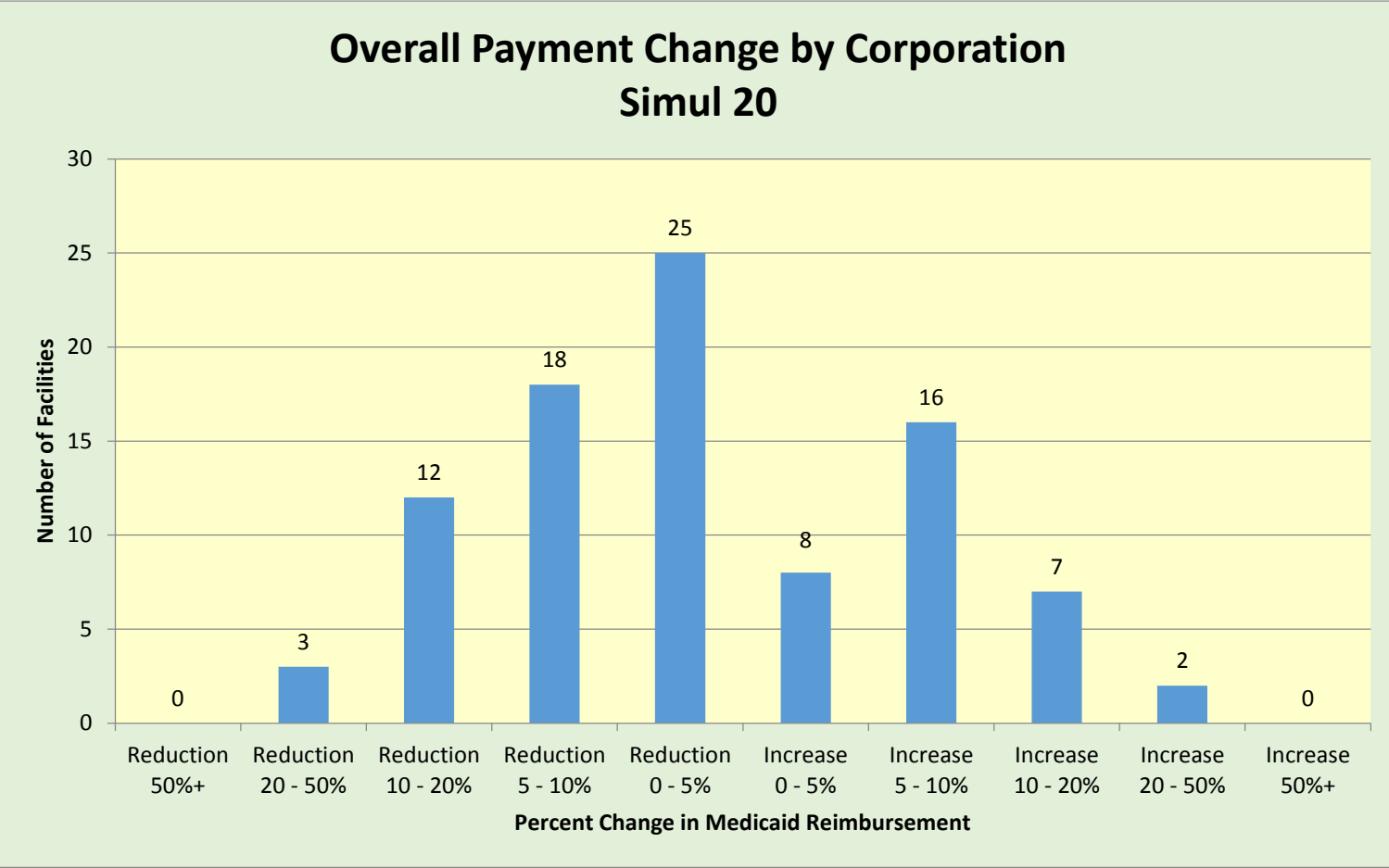
Region	Median Operating	% of Median	Operating Price	Operating Floor
North	\$50.40	90%	\$45.36	0.0%
South	\$56.61	90%	\$50.95	0.0%

SIMULATION 20

SUMMARY OF CHANGES IN REIMBURSEMENT



SUMMARY OF CHANGES IN REIMBURSEMENT BY CORPORATION



SIMULATION 20

TOP 15 INCREASES AND DECREASES BY CORPORATION

Decreases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Independent	-\$20,328,218	-2%
Hallmark Accounting	-\$16,792,830	-13%
Gulf Coast Healthcare, LLC	-\$14,496,756	-6%
Greystone Healthcare Management, LLC	-\$11,237,719	-8%
Life Care Centers Of America	-\$3,951,157	-4%
OPIS Management Resources, LLC	-\$2,572,486	-3%
Avante Group, Inc.	-\$2,376,994	-4%
St. Vincent Health System	-\$2,362,856	-20%
Catholic Health Services	-\$2,353,561	-6%
Bon Secours Health System, Inc	-\$2,283,575	-14%
Palm Garden Healthcare Holdings, LLC	-\$2,035,803	-2%
Cypress Administrative Services, LLC	-\$1,534,220	-7%
M-K Management, LLC	-\$1,374,972	-6%
Evangelical Lutheran Good Samaritan	-\$1,178,408	-7%
Council on Aging of Florida, Inc.	-\$1,168,703	-7%

Increases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Putnam Council, Inc.	\$1,041,201	10%
Saber Healthcare Group, LLC	\$1,089,927	24%
CNH, LLC	\$1,114,941	11%
Traditions Management of Florida, LLC	\$1,329,020	10%
Genesis HealthCare Corp	\$1,648,326	7%
Grace Healthcare, Inc	\$1,723,780	8%
Senior Care Group, Inc.	\$2,132,078	7%
Millenium Health Systems	\$2,234,504	7%
Adirhu Associates, LLC	\$2,399,038	12%
Health Services Mgt., Inc.	\$4,041,802	13%
Signature Healthcare LLC	\$7,181,827	6%
SMJ Enterprises, LLC	\$7,665,334	19%
HCR Manor Care	\$7,783,425	7%
Southern HealthCare Management, LLC	\$11,328,348	9%
Consulate Management Company	\$39,990,788	9%

SIMULATION 21

NON-PROPERTY PER DIEM PARAMETERS

Direct Care Component

Region	Median DC	% of Median	DC Price	DC Floor			
North	\$101.83	105%	\$106.92	90.0%	Add-On 1 Per Diem:	\$200	Ventilator Care
South	\$109.51	105%	\$114.99	90.0%	Add-On 2 Per Diem:	\$0.00	
					Add-On 3 Per Diem:	\$0.00	

Indirect Care Component

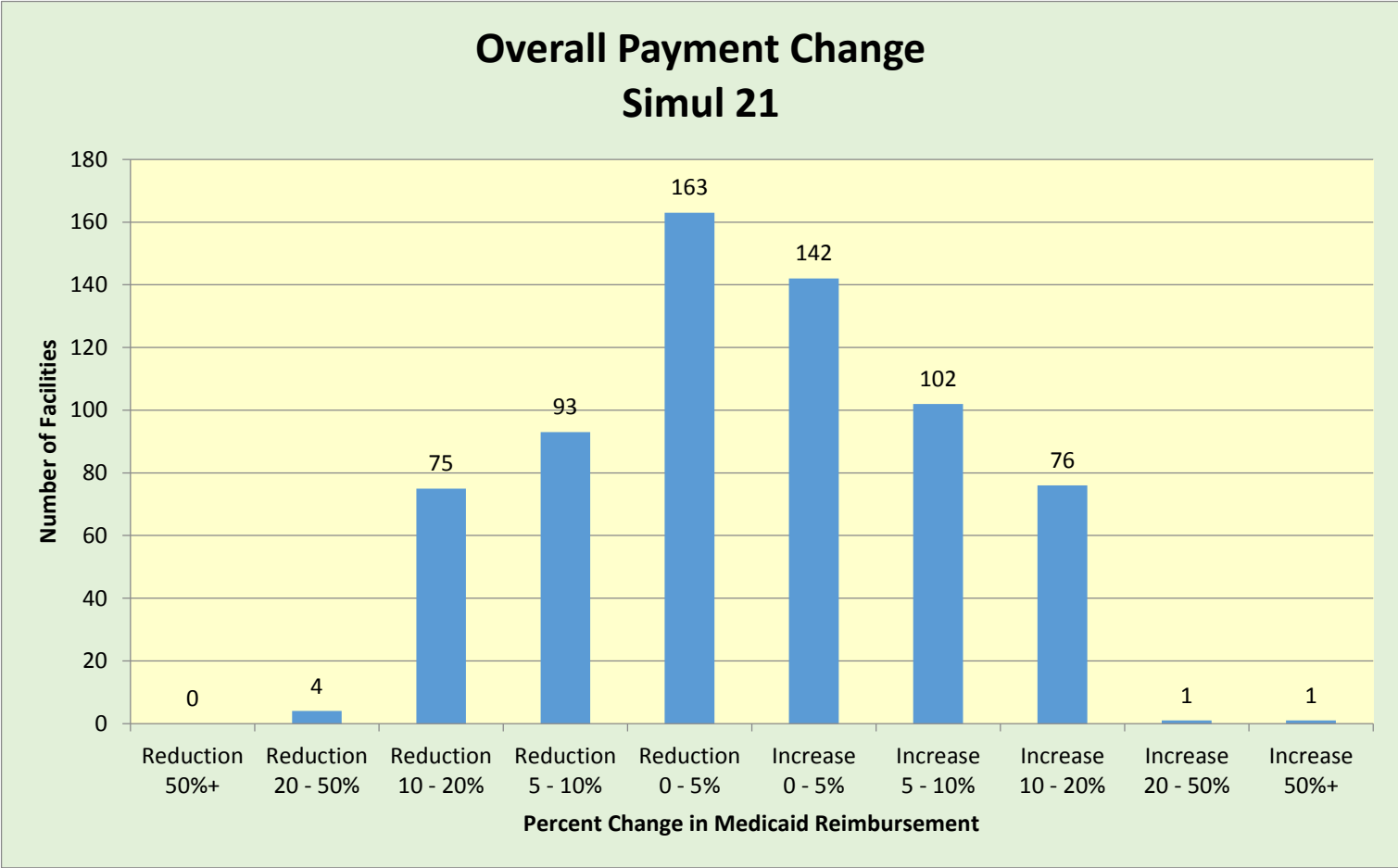
Region	Median Indirect	% of Median	Indirect Price	Indirect Floor
North	\$32.26	96%	\$30.97	90.0%
South	\$35.30	96%	\$33.88	90.0%

Operating Component

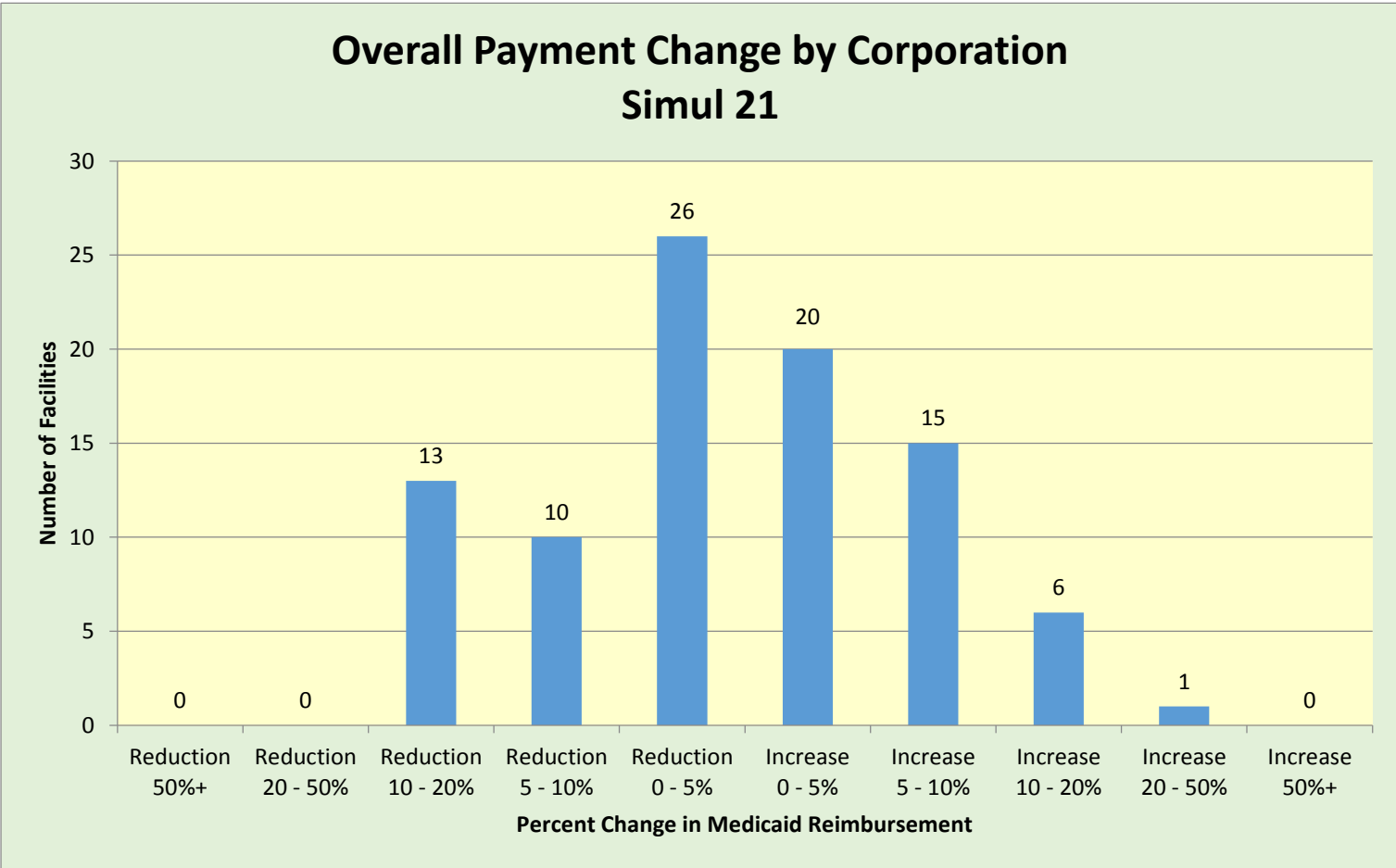
Region	Median Operating	% of Median	Operating Price	Operating Floor
North	\$50.40	90%	\$45.36	0.0%
South	\$56.61	90%	\$50.95	0.0%

SIMULATION 21

SUMMARY OF CHANGES IN REIMBURSEMENT



SUMMARY OF CHANGES IN REIMBURSEMENT BY CORPORATION



SIMULATION 21

TOP 15 INCREASES AND DECREASES BY CORPORATION

Decreases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Hallmark Accounting	-\$14,217,240	-11%
Independent	-\$13,697,056	-1%
Gulf Coast Healthcare, LLC	-\$10,197,557	-4%
Greystone Healthcare Management, LLC	-\$8,470,297	-6%
St. Vincent Health System	-\$2,115,122	-18%
Life Care Centers Of America	-\$2,053,785	-2%
Bon Secours Health System, Inc	-\$1,956,378	-12%
Catholic Health Services	-\$1,568,987	-4%
Cypress Administrative Services, LLC	-\$1,046,129	-4%
Lyric Healthcare Holdings III, Inc	-\$971,306	-3%
Avante Group, Inc.	-\$969,877	-1%
LifeSpace Communities, Inc.	-\$957,232	-18%
Council on Aging of Florida, Inc.	-\$950,610	-6%
HPSA, Inc.	-\$890,929	-13%
M-K Management, LLC	-\$885,720	-4%

Increases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Adventist Care Centers	\$998,419	9%
KR Management, LLC	\$1,040,387	11%
Grace Healthcare, Inc	\$1,215,748	5%
The Goodman Group, LLC	\$1,299,567	10%
Traditions Management of Florida, LLC	\$1,313,718	10%
Senior Care Group, Inc.	\$1,493,686	5%
Genesis HealthCare Corp	\$1,756,449	7%
Summit Care II, Inc	\$2,381,766	4%
Millenium Health Systems	\$2,934,963	9%
Signature Healthcare LLC	\$3,295,256	3%
Health Services Mgt., Inc.	\$3,299,052	10%
SMJ Enterprises, LLC	\$3,758,520	9%
HCR Manor Care	\$7,237,450	6%
Southern HealthCare Management, LLC	\$10,851,072	8%
Consulate Management Company	\$17,118,508	4%

QUESTIONS

For questions or comments related to this study, please contact:

Lisa Smith, Regulatory Analyst Supervisor

- Email: Lisa.Smith@ahca.myflorida.com
- Phone: 850-412-4114

Next Public Meeting scheduled for November 17th

PUBLIC COMMENT
