

**Florida Health Care Association Testimony before the Agency
for Health Care Administration Meeting Regarding Nursing
Home Prospective Payment Reimbursement Methodology
August 18, 2016**

Good afternoon. My name is Deborah Franklin and I am the Chairperson of the Florida Health Care Association Prospective Payment Task Force.

FHCA appreciates the opportunity to provide continuing input on the development of the Prospective Payment System for Medicaid services.

FHCA is the largest and leading Association representing Long Term Care Providers and the residents they care for. Of Florida's 688 nursing centers, FHCA represents 559 or 81% of the state's total nursing centers. This includes not-for-profits, independently owned, multifacility groups and government operated centers.

As you are aware, FHCA supports the movement to a prospective payment system for the same reasons Navigant laid out on page 4 of its report:

- Quality
- Access
- Equity
- Predictability
- Simplicity

We thank AHCA and Navigant for the open communication that is occurring as we move through this process.

FHCA created the PPS Task Force to develop input for Navigant and the Agency as it develops a PPS recommendation for the Legislature.

During the June 30th meeting, Navigant proposed a series of questions for consideration. At this point, FHCA has focused on a few key areas which I will address today.

Should there be a fair rental value system for capital and what should that look like?

Nursing centers must continually update to keep pace with the changing demographics of our customers. The baby boomers are replacing the greatest generation members as our primary customers.

They come to us with very different expectations and needs. The average Florida nursing center was built more than 35 years ago. We must upgrade technologies and modernize our centers to meet those expectations. To that end, FHCA fully supports a Fair Rental Value System which incentivizes renovations and enhancements. We have shared data with you, and we will continue to work with you on developing a framework for FRVS.

Should there be a quality incentive component?

Any plan moving forward must incentivize and reward nursing centers for providing quality care to our frail elderly seniors. FHCA strongly supports a quality component included in the PPS methodology and recommends a model attached to my testimony. The model contains:

- Four Domains with multiple measures within each domain
- All measures are threshold based so all providers have the potential to exceed the quality threshold
- 12 measured “elements,” and thus a total of 12 points are possible

- In order to qualify for a prospective quality incentive payment, each provider would have to earn at least one point in every domain for the preceding year
- Providers that achieve certain distinctions, such as Baldrige Criteria-based National Quality Silver and Gold Award, JCAHO Accreditation, or the Governor's Gold Seal would automatically be awarded one point in each of the four domains
- The amount of money to assign to the quality incentive payment pool is still to be decided
- Any funds remaining in the quality incentive payment pool as a result of some providers not meeting the quality incentive program eligibility level would be distributed as year-end true up payments amongst qualified providers

The Four Domains are as follows

- 1) Workforce
- 2) Outcomes
- 3) Quality Measures – Long Stay Measures
- 4) Customer Satisfaction

Should there be a transition or phase-in period? /What should the time frame be for the phase in?

There will be funding shifts among providers with the implementation of any new system, and it is important for providers and their residents to allow them to adjust their care and business models to reflect new reimbursements. FHCA supports a multi-year transition period with additional non-recurring funds for providers who will have lower rates to transition them over this period.

In closing, FHCA thanks you for the opportunity to present today. We look forward to working with you on creating a new payment system for Florida's Medicaid nursing center care.