

# AHCA NURSING HOME PROSPECTIVE PAYMENT SYSTEM

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**5<sup>TH</sup> NPPS PUBLIC MEETING**

**NOVEMBER 17, 2016**

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**SECTION 1:**  
QUALITY  
MEASURES

# QUALITY MEASURES

# WEIGHTING OF QUALITY SCORE FOR MEDICAID UTILIZATION

- Facilities with the same quality score receive the same per diem add-on amount.
- Total quality incentive payment for a facility is per diem add-on times number of Medicaid days

AHCA Provider Name	Total Quality Score	Quality Add-on Per Diem
Miami Shores Nursing and Rehab Center	28	\$32.45
Viera Health & Rehabilitation Center	26	\$30.13
Florida Presbyterian Homes Inc	25	\$28.97
River Garden Hebrew Home For The Aged	25	\$28.97
Healthpark Care Center Inc.	25	\$28.97
St Mark Village	24	\$27.81
Heartland Health Care And Rehabilitation Center Of Boca Raton	24	\$27.81
Ybor City Healthcare and Rehabilitation Center	24	\$27.81
Sarasota Memorial Nursing And Rehabilitation Center	23	\$26.65
Village on the Isle	23	\$26.65

Facility Weighted Score = (Facility Raw Score) \* (Facility Mcd Days)

Quality Funds Per Wtd Quality Point = [(Total Quality Funds) / (Total Wtd Scores)]

Facility Quality Pymt = (Facility Raw Score) \* (Quality Funds Per Wtd Quality Point)

# QUALITY MEASURES SUMMARY OF RECOMMENDATIONS

Decision	Option Selected
Quality incentive program payment pool (what percentage)	<ul style="list-style-type: none"> <li>• 7% of funds currently paid through the non-property components of the per diem</li> <li>• Fund with Nursing Home Assessment excess funds first; fund remainder from Direct, Indirect and Operating components of legacy per diems</li> </ul>
Percentile of quality score to qualify for quality payment	<ul style="list-style-type: none"> <li>• 30<sup>th</sup> percentile</li> <li>• No threshold (0 percentile)</li> <li>• Something in between</li> </ul>
Quality measurement	<ul style="list-style-type: none"> <li>• As described on the following two slides</li> </ul>

# QUALITY MEASURES

## QUALITY SCORING METHODOLOGY – 1

Process Measures	0.5 Points	1 Point	2 Points	3 Points	Max 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 50 <sup>th</sup> Percentile	Above 75 <sup>th</sup> Percentile	Above 90 <sup>th</sup> Percentile	3
Antipsychotic		Below 50 <sup>th</sup> Percentile	Below 25 <sup>th</sup> Percentile	Below 10 <sup>th</sup> Percentile	3
Restrained		Below 50 <sup>th</sup> Percentile	Below 25 <sup>th</sup> Percentile	Below 10 <sup>th</sup> Percentile	3
Outcome Measures	.5 Points	1 Point	2 Points	3 Points	Max 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 50 <sup>th</sup> Percentile	Below 25 <sup>th</sup> Percentile	Below 10 <sup>th</sup> Percentile	3
Pressure Ulcers		Below 50 <sup>th</sup> Percentile	Below 25 <sup>th</sup> Percentile	Below 10 <sup>th</sup> Percentile	3
Falls		Below 50 <sup>th</sup> Percentile	Below 25 <sup>th</sup> Percentile	Below 10 <sup>th</sup> Percentile	3
Incontinence		Below 50 <sup>th</sup> Percentile	Below 25 <sup>th</sup> Percentile	Below 10 <sup>th</sup> Percentile	3
ADL		Below 50 <sup>th</sup> Percentile	Below 25 <sup>th</sup> Percentile	Below 10 <sup>th</sup> Percentile	3

# QUALITY MEASURES

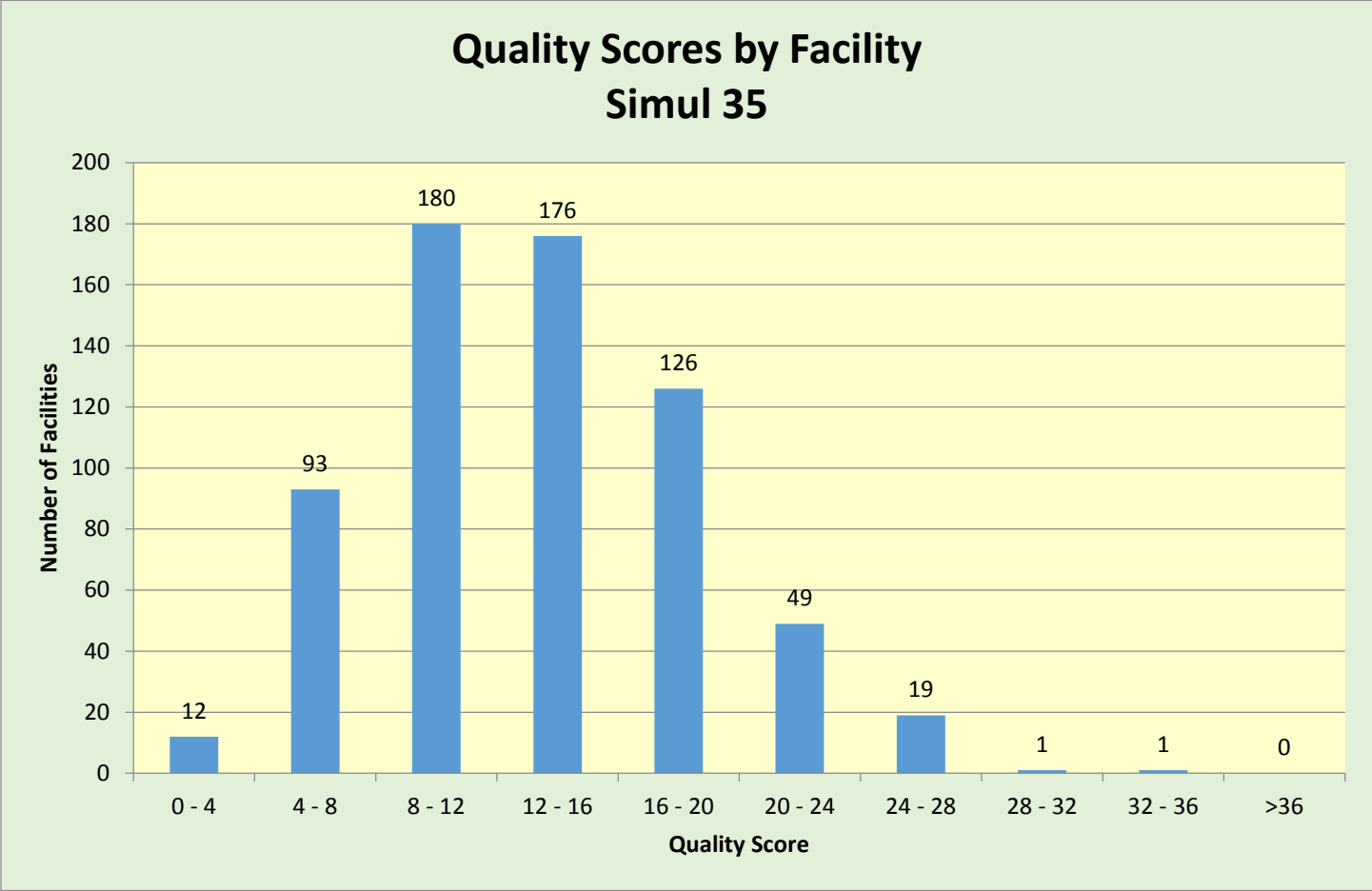
## QUALITY SCORING METHODOLOGY – 2

Structure Measures	No Points Awarded To Those Under Median	1 Points	2 Points	3 Points	Max Points Per Facility
Combined Direct Care Staffing (RN, LPN, CNA)	N/A	Above 50 <sup>th</sup> Percentile	Above 75 <sup>th</sup> Percentile	Above 90 <sup>th</sup> Percentile	3
Social Work and Activity Staff	NA	Above 50 <sup>th</sup> Percentile	Above 75 <sup>th</sup> Percentile	Above 90 <sup>th</sup> Percentile	3
CMS 5 Star Rating	N/A	3 Stars (1 pt)	4 Stars (3 pts)	5 Stars (5 pts)	5
<b>Credentials</b>	Must Have At Least 1 of these 3 Certification/Accreditation			5 Points	Max Points Per Facility
Florida Gold Seal	N/A	N/A	N/A	Awarded	5
Joint Commission Accreditation	N/A	N/A	N/A	Awarded	
American HC Assoc National Quality Award	N/A	N/A	N/A	Silver or Gold Award	
<b>Total Quality Points Possible</b>					40



# QUALITY MEASURES

## SUMMARY OF QUALITY SCORES

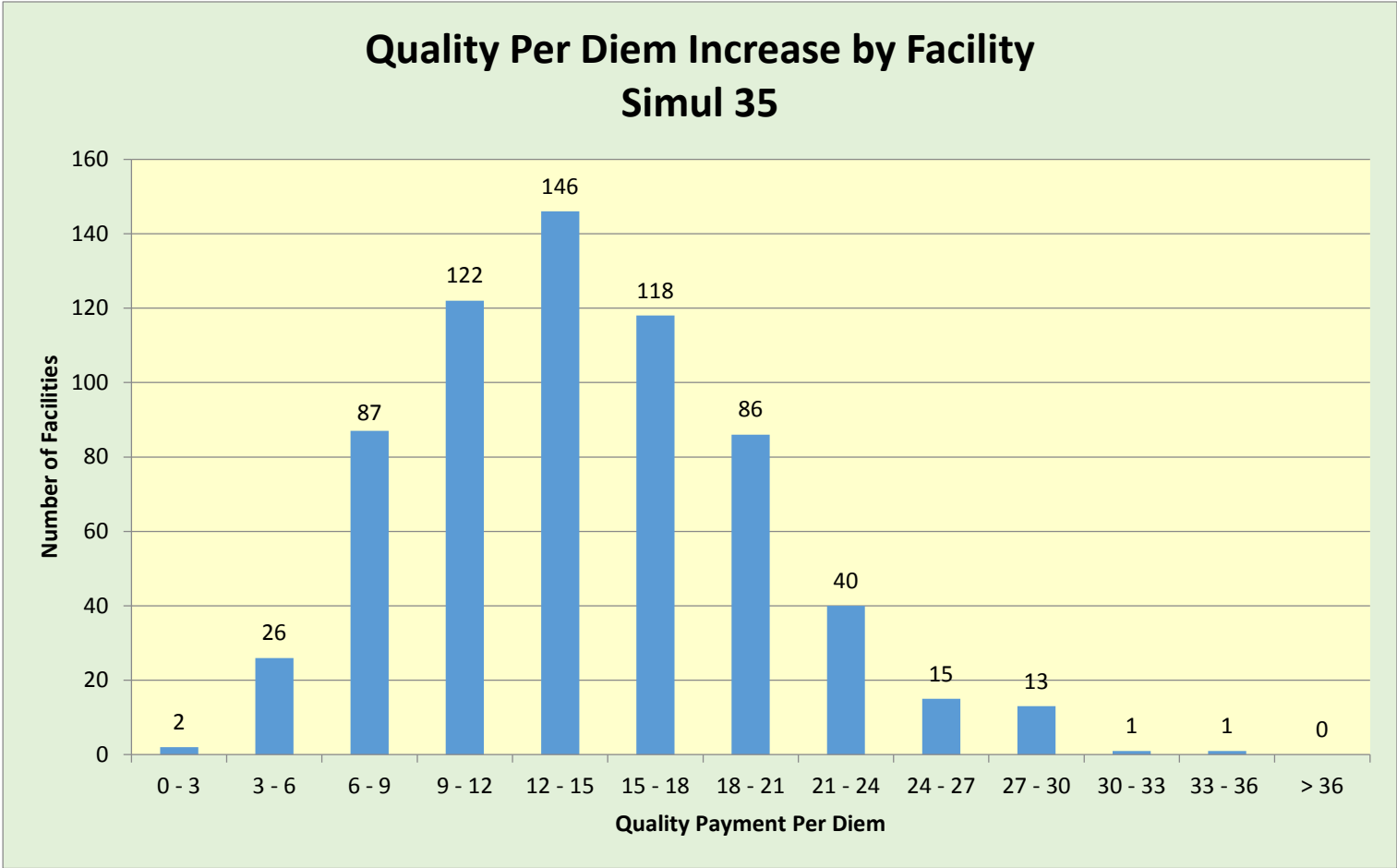


# QUALITY MEASURES RANGES OF PER DIEM ADD-ON AMOUNTS

Simulation	Quality Add-on Per Diem Range
<p style="text-align: center;"><b>35</b></p> <ul style="list-style-type: none"> <li>- All facilities with a non-zero quality score receive some funds through the quality incentive program (no threshold)</li> </ul>	<p>\$0.52 – \$35.70</p>
<p style="text-align: center;"><b>36</b></p> <ul style="list-style-type: none"> <li>- Threshold is 30<sup>th</sup> percentile - facilities must be at or above the 30<sup>th</sup> percentile on the quality score to receive any of the quality incentive payments</li> </ul>	<p>\$13.81 – \$44.71</p>

# QUALITY MEASURES SUMMARY OF QUALITY PER DIEM ADD-ON

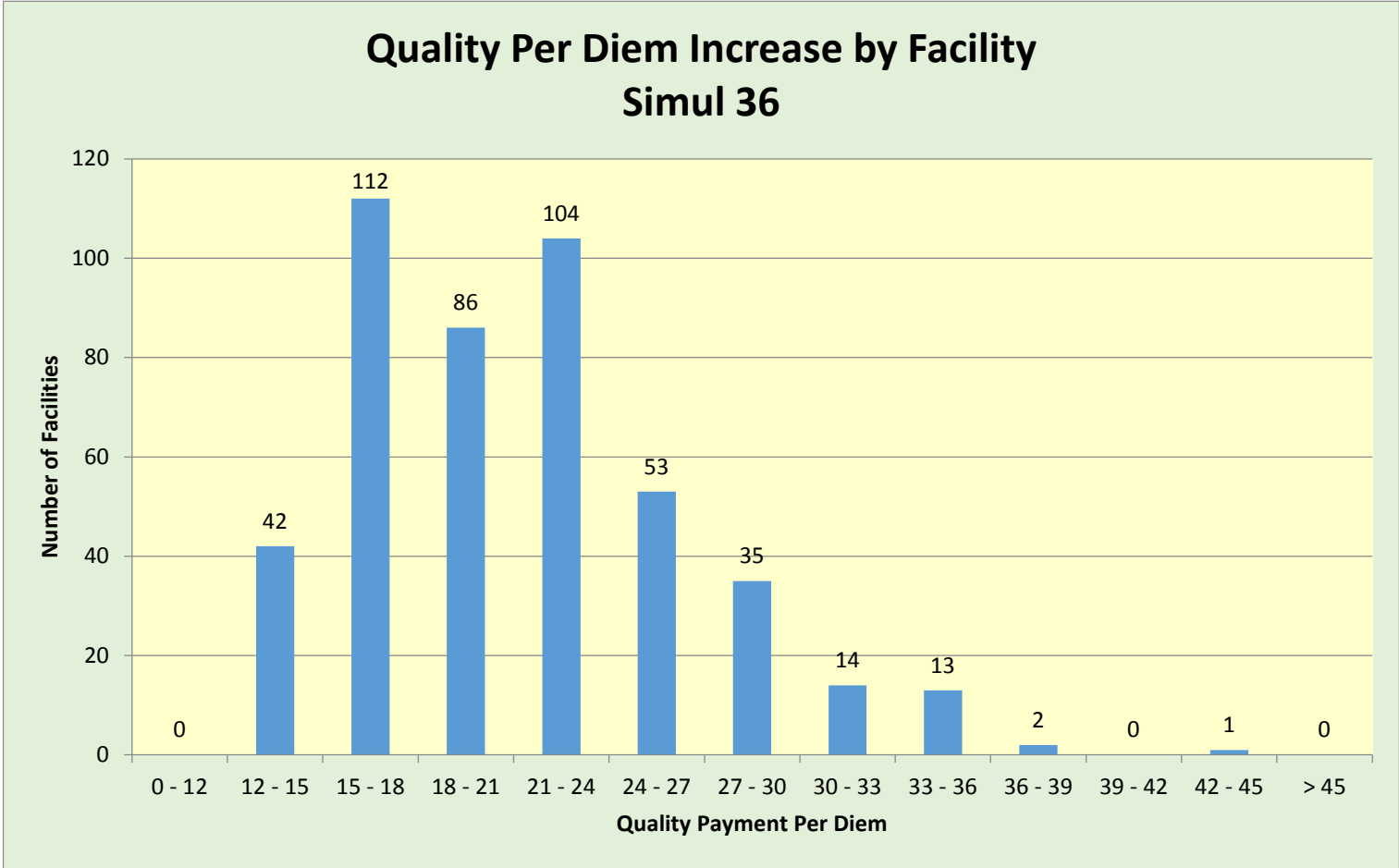
7% Carve out; all facilities qualify




# QUALITY MEASURES

## SUMMARY OF QUALITY PER DIEM ADD-ON

7% Carve out; Minimum of 30<sup>th</sup> percentile to qualify





**SECTION 2:**  
LATEST PRICING  
MODELS

# LATEST PRICING MODELS CHANGES

## 1. FRVS changes

- A. Calculate total square footage as 1.6 times patient square footage (as reported in the cost report)
- B. Correction to determination of total square footage for facilities who responded to the FRVS survey
- C. Some changes in parameters

## 2. Applied inflation to facility cost numbers used for determination of per diem median values → resulted in reduction in the percentages applied to the medians on Direct and Indirect care

# AVERAGE SQUARE FEET FOR NON-PATIENT CARE SPACE

Type of Facility	Average Sq. Ft. Patient Care	Average Sq. Ft. Non-Patient Care
No home office	64%	36%
Has a home office	60%	40%
Overall	61%	39%

# LATEST PRICING MODELS SUMMARY

Models	Characteristics
35	All facilities with a non-zero quality score get some portion of the quality incentive payment
36	Facilities need a quality score at or above the 30 <sup>th</sup> percentile to receive any payment through the quality incentive program



# SIMULATION 35

## NON-PROPERTY PER DIEM PARAMETERS

### Direct Care Component

Region	Median DC	% of Median	DC Price	DC Floor			
<b>North</b>	\$107.34	100%	\$107.34	95.0%	Add-On 1 Per Diem:	\$200	Ventilator Care \$8.2 million
<b>South</b>	\$115.43	100%	\$115.43	95.0%	Add-On 2 Per Diem:	\$0.00	
					Add-On 3 Per Diem:	\$0.00	

### Indirect Care Component

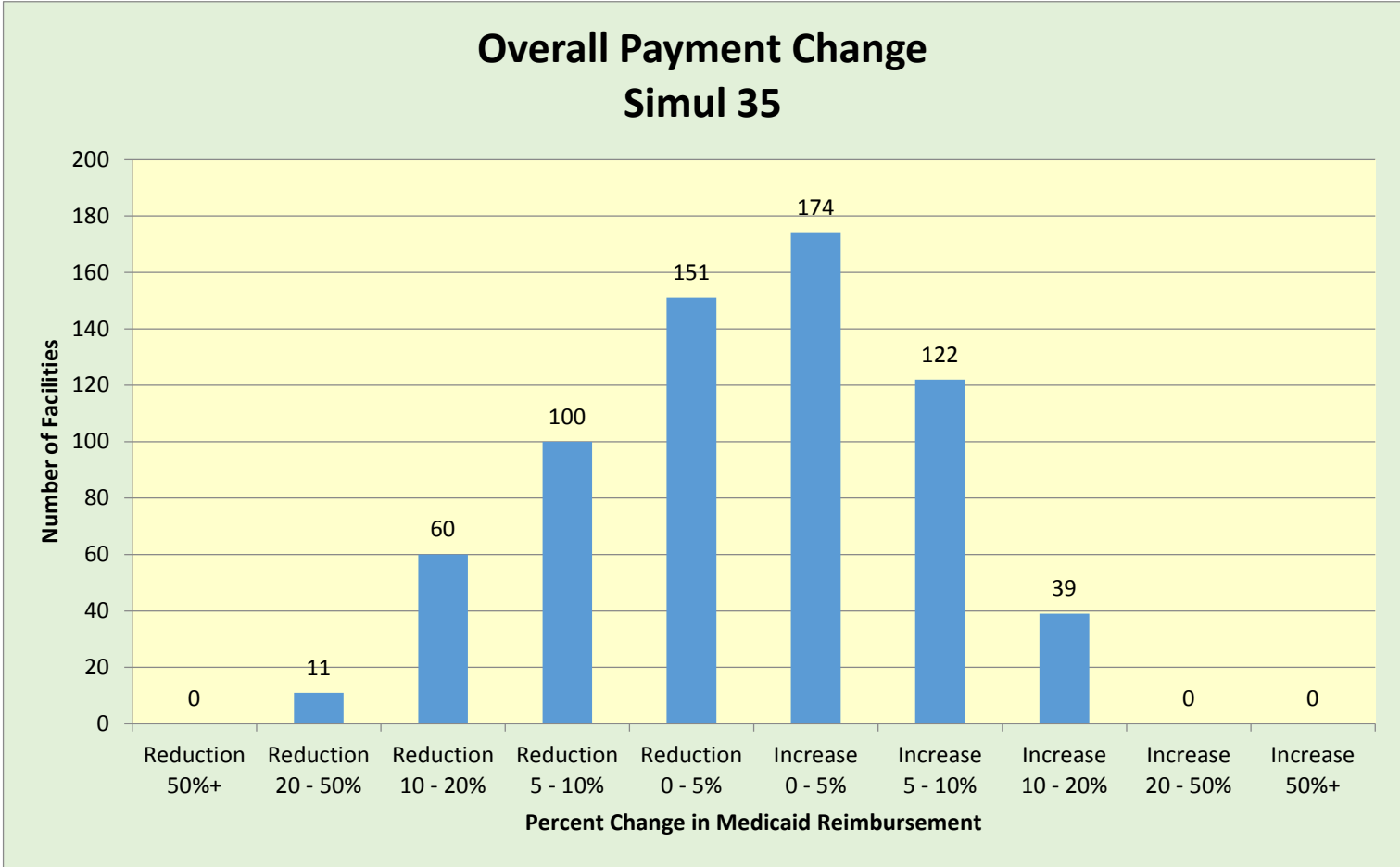
Region	Median Indirect	% of Median	Indirect Price	Indirect Floor
<b>North</b>	\$34.22	93%	\$31.83	95.0%
<b>South</b>	\$37.56	93%	\$34.93	95.0%

### Operating Component

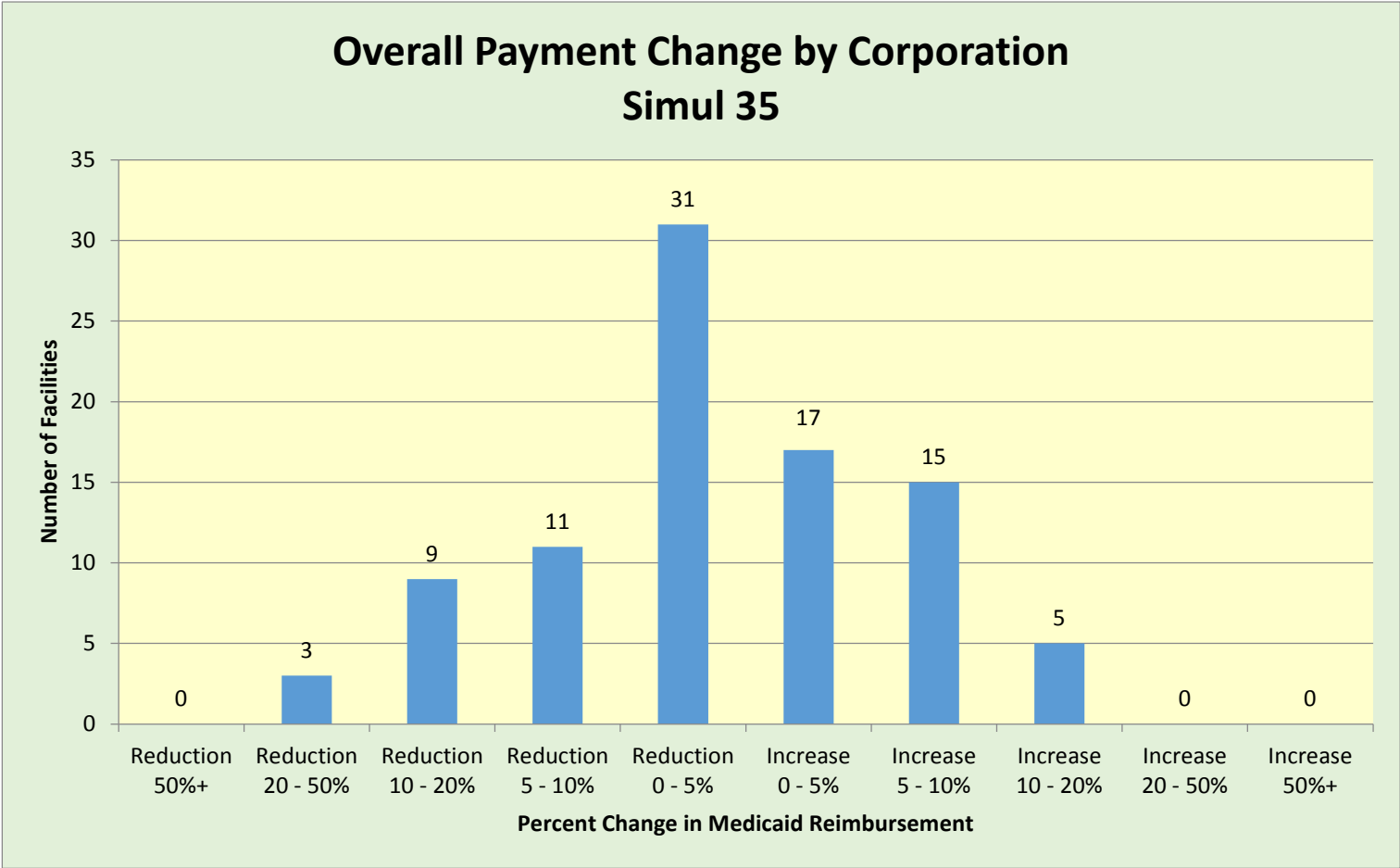
Region	Median Operating	% of Median	Operating Price	Operating Floor
<b>North</b>	\$49.02	90%	\$44.12	0.0%
<b>South</b>	\$55.96	90%	\$50.37	0.0%

SIMULATION 35

# SUMMARY OF CHANGES IN REIMBURSEMENT BY FACILITY



# SUMMARY OF CHANGES IN REIMBURSEMENT BY CORPORATION



## SIMULATION 35

# TOP 15 INCREASES AND DECREASES BY CORPORATION

### Decreases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Independent	-\$15,902,096	-2%
Hallmark Accounting	-\$11,174,936	-9%
Gulf Coast Healthcare, LLC	-\$8,308,404	-4%
Greystone Healthcare Management, LLC	-\$7,287,096	-5%
Bon Secours Health System, Inc	-\$1,696,730	-11%
Avante Group, Inc.	-\$1,383,692	-2%
St. Vincent Health System	-\$1,324,161	-11%
LifeSpace Communities, Inc.	-\$1,192,658	-23%
M-K Management, LLC	-\$1,052,588	-4%
Cypress Administrative Services, LLC	-\$914,423	-4%
Catholic Health Services	-\$888,435	-2%
Baycare Health System	-\$869,494	-13%
Palm Garden Healthcare Holdings, LLC	-\$710,328	-1%
Council on Aging of Florida, Inc.	-\$668,362	-4%
Retirement Housing Foundation	-\$662,538	-11%

### Increases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
The Goodman Group, LLC	\$905,329	7%
KR Management, LLC	\$927,282	10%
Adirhu Associates, LLC	\$988,276	5%
Grace Healthcare, Inc	\$1,045,175	5%
Traditions Management of Florida, LLC	\$1,112,198	8%
Summit Care II, Inc	\$1,119,103	2%
Senior Care Group, Inc.	\$1,608,351	5%
Sun Healthcare Group, Inc.	\$1,774,815	7%
Genesis HealthCare Corp	\$2,526,933	10%
Health Services Mgt., Inc.	\$3,031,175	9%
SMJ Enterprises, LLC	\$4,088,501	10%
HCR Manor Care	\$4,785,390	4%
Signature Healthcare LLC	\$4,854,655	4%
Southern HealthCare Management, LLC	\$8,402,614	6%
Consulate Management Company	\$17,975,640	4%

# SIMULATION 35

## TOP 15 INCREASES AND DECREASES BY FACILITY (\$)

### Decreases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Miami Jewish Health Systems	-\$2,352,896	-9%
Pines of Sarasota	-\$1,932,763	-16%
Accentia Health & Rehab. Center of Tampa	-\$1,824,384	-12%
Bon Secours Maria Manor	-\$1,696,730	-11%
Okeechobee Healthcare Facility	-\$1,476,167	-11%
Cross Pointe Care Center	-\$1,428,246	-18%
Rehabilitation Center of St. Pete	-\$1,389,137	-15%
St. Catherine Labouré Manor, Inc.	-\$1,324,161	-11%
Unity Health and Rehab Center	-\$1,310,711	-6%
Palatka Health Care Center	-\$1,274,942	-12%
North Lake Rehabilitation and Health Center	-\$1,117,954	-16%
BERNARD L. SAMSON NURSING CENTER	-\$1,110,137	-11%
Bayside Rehabilitation & Health Center	-\$1,076,713	-16%
The Crossings	-\$1,043,753	-23%
Joseph L. Morse Geriatric Center, Inc	-\$1,031,060	-9%

### Increases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Harmony Health Center	\$932,645	11%
Lakeland Investors, LLC	\$956,035	8%
Sabal Palms Health Care Center	\$956,234	11%
Orchard Ridge Care & Rehabilitation Center	\$969,527	18%
Signature HealthCARE Center of Waterford	\$1,010,558	10%
Franco Nursing and Rehabilitation Center	\$1,031,014	16%
Brooksville Healthcare Center	\$1,050,220	14%
Casa Mora Rehabilitation and Extended Care	\$1,071,407	9%
Oakhurst Care & Rehabilitation Center	\$1,076,196	14%
Treasure Isle Care Center	\$1,160,426	11%
Deerfield Beach Health and Rehabilitation Center	\$1,167,553	15%
South Pointe Plaza	\$1,242,868	11%
Fair Havens Center	\$1,347,451	14%
Oceanside Extended Care Center	\$1,348,898	14%
Whispering Oaks	\$1,980,681	17%

# SIMULATION 35

## TOP 15 INCREASES AND DECREASES BY FACILITY (%)

### Decreases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Saint Andrews Estates North	-\$404,075	-30%
Health Center at Abbey Delray	-\$612,695	-24%
VI at Lakeside Village	-\$49,380	-23%
The Crossings	-\$1,043,753	-23%
The Waterford	-\$117,398	-23%
LIFESPACE COMMUNITIES INC	-\$397,705	-22%
Water's Edge Extended Care	-\$128,864	-21%
Gulf Coast Village	-\$500,564	-21%
Solaris Healthcare North Naples, LLC	-\$451,839	-21%
HarborChase of Naples	-\$165,334	-20%
Harbour's Edge	-\$182,258	-20%
Bay Village of Sarasota	-\$215,090	-19%
Desoto Health and Rehab	-\$373,235	-19%
Village on the Isle	-\$275,559	-19%
Cross Pointe Care Center	-\$1,428,246	-18%

### Increases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Life Care Center of Orange Park	\$822,296	14%
Brooksville Healthcare Center	\$1,050,220	14%
Fair Havens Center	\$1,347,451	14%
ManorCare Health Services (Delray Beach)	\$394,479	14%
Bear Creek Nursing Center	\$534,838	14%
Oceanside Extended Care Center	\$1,348,898	14%
Oakhurst Care & Rehabilitation Center	\$1,076,196	14%
Deerfield Beach Health and Rehabilitation Center	\$1,167,553	15%
UniHealth Post-Acute Care- Santa Rosa	\$776,363	15%
Cross City Rehabilitation & Health Care Center	\$342,352	15%
St. James Health And Rehabilitation Center	\$695,514	15%
Orange City Nursing and Rehab	\$606,219	15%
Franco Nursing and Rehabilitation Center	\$1,031,014	16%
Whispering Oaks	\$1,980,681	17%
Orchard Ridge Care & Rehabilitation Center	\$969,527	18%

## SIMULATION 36

# NON-PROPERTY PER DIEM PARAMETERS

### Direct Care Component

Region	Median DC	% of Median	DC Price	DC Floor			
<b>North</b>	\$107.34	100%	\$107.34	95.0%	Add-On 1 Per Diem:	\$200	Ventilator Care \$8.2 million
<b>South</b>	\$115.43	100%	\$115.43	95.0%	Add-On 2 Per Diem:	\$0.00	
					Add-On 3 Per Diem:	\$0.00	

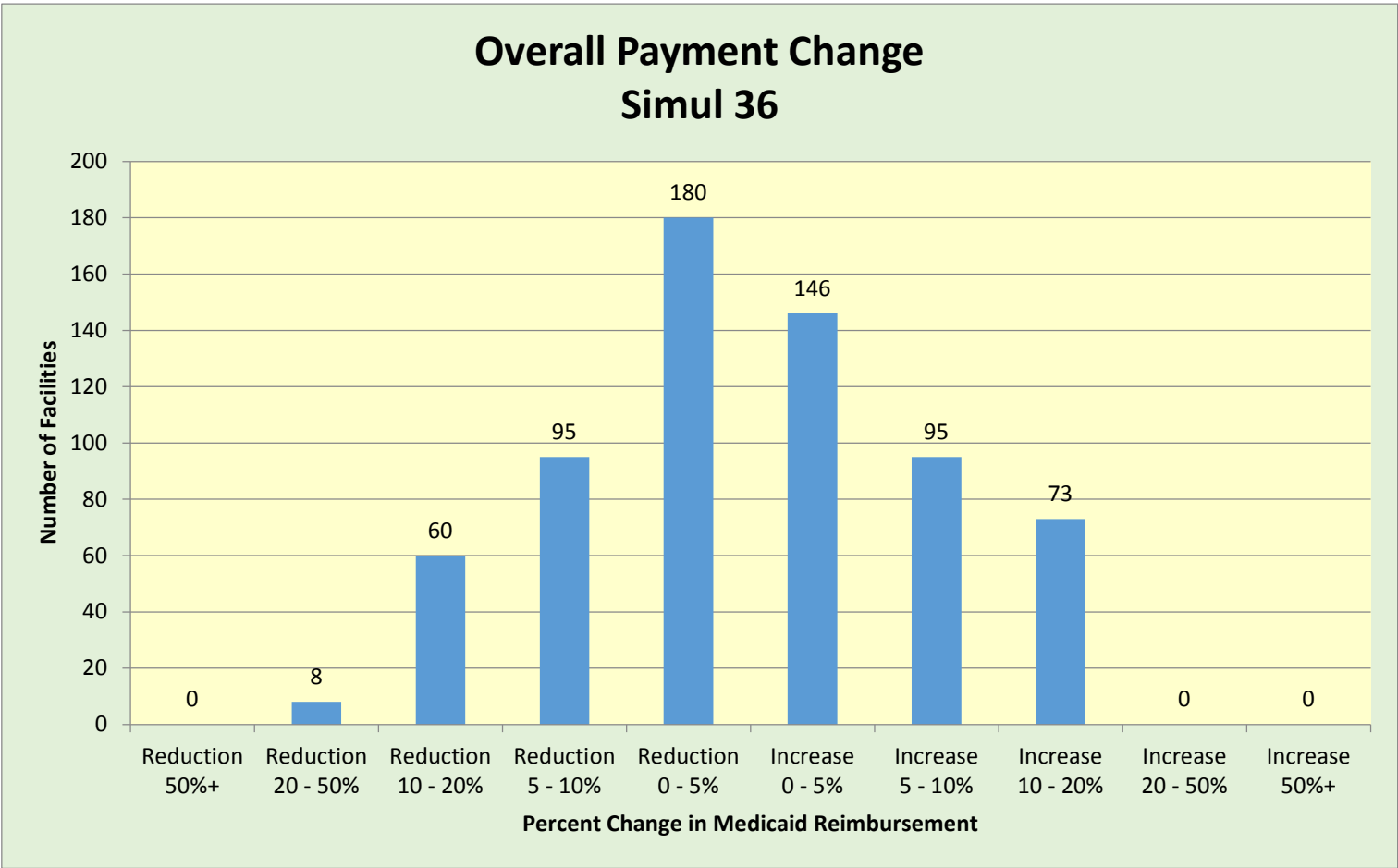
### Indirect Care Component

Region	Median Indirect	% of Median	Indirect Price	Indirect Floor
<b>North</b>	\$34.22	93%	\$31.83	95.0%
<b>South</b>	\$37.56	93%	\$34.93	95.0%

### Operating Component

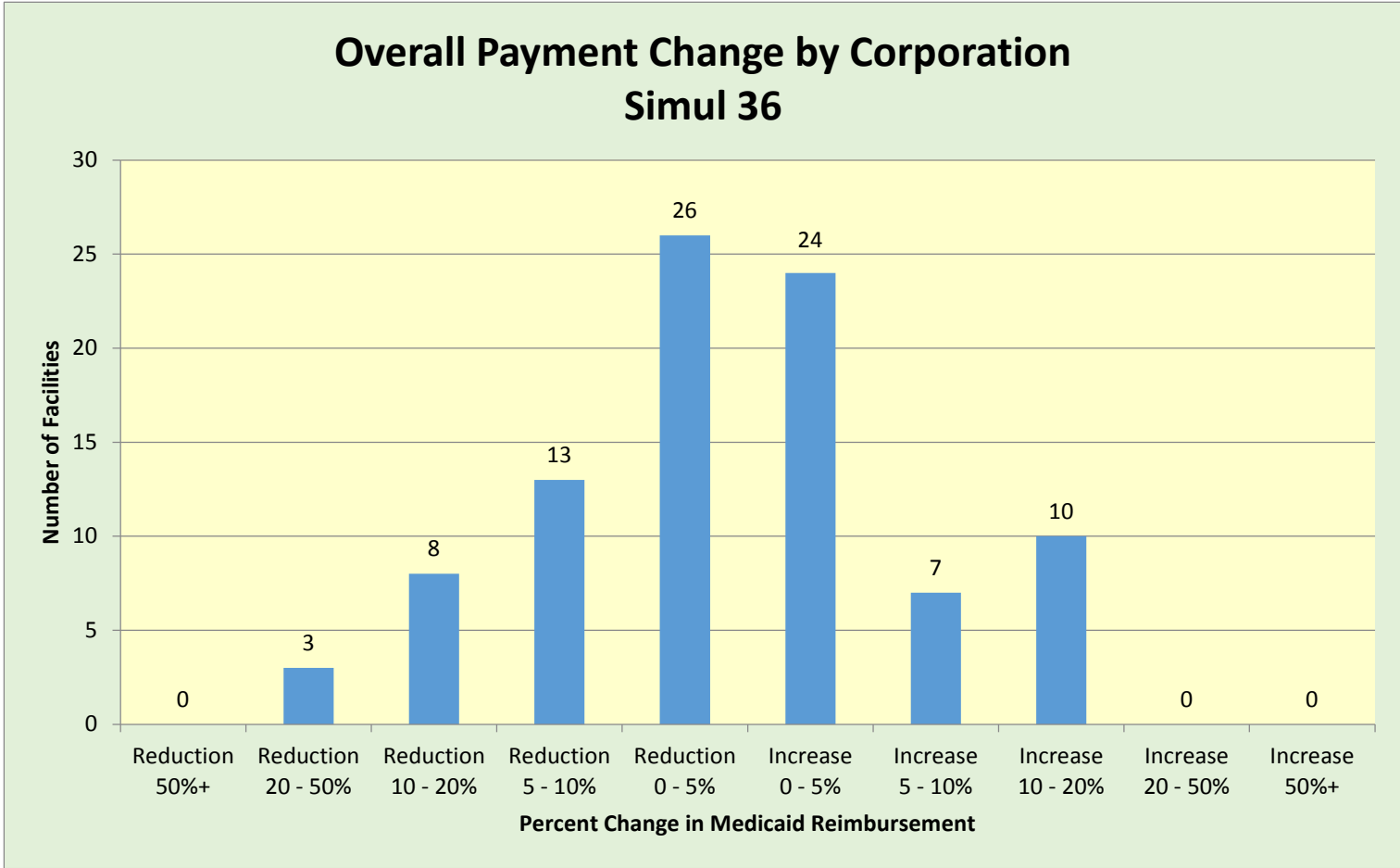
Region	Median Operating	% of Median	Operating Price	Operating Floor
<b>North</b>	\$49.02	90%	\$44.12	0.0%
<b>South</b>	\$55.96	90%	\$50.37	0.0%

# SUMMARY OF CHANGES IN REIMBURSEMENT BY FACILITY





# SUMMARY OF CHANGES IN REIMBURSEMENT BY CORPORATION



## SIMULATION 36

## TOP 15 INCREASES AND DECREASES BY CORPORATION

## Decreases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Independent	-\$17,040,370	-2%
Hallmark Accounting	-\$13,340,766	-11%
Greystone Healthcare Management, LLC	-\$7,613,210	-6%
Gulf Coast Healthcare, LLC	-\$5,767,914	-3%
Avante Group, Inc.	-\$1,473,044	-2%
Bon Secours Health System, Inc	-\$1,368,871	-9%
St. Vincent Health System	-\$1,141,251	-10%
LifeSpace Communities, Inc.	-\$1,109,478	-21%
Palm Garden Healthcare Holdings, LLC	-\$1,078,968	-1%
Evangelical Lutheran Good Samaritan	-\$967,594	-6%
Cypress Administrative Services, LLC	-\$936,207	-4%
M-K Management, LLC	-\$895,822	-4%
Council on Aging of Florida, Inc.	-\$867,538	-5%
Jackson Memorial LTC	-\$854,101	-8%
Baycare Health System	-\$747,150	-11%

## Increases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
KR Management, LLC	\$996,631	11%
Sunbelt Health Care Centers, Inc.	\$1,052,262	4%
Adventist Care Centers	\$1,081,155	9%
The Goodman Group, LLC	\$1,244,292	9%
Senior Care Group, Inc.	\$1,374,733	5%
Traditions Management of Florida, LLC	\$1,395,367	10%
Summit Care II, Inc	\$1,552,860	2%
Genesis HealthCare Corp	\$2,426,417	10%
Life Care Centers Of America	\$2,547,679	3%
SMJ Enterprises, LLC	\$3,198,560	8%
Health Services Mgt., Inc.	\$3,505,587	11%
Signature Healthcare LLC	\$3,806,601	3%
HCR Manor Care	\$5,134,691	5%
Southern HealthCare Management, LLC	\$7,601,458	6%
Consulate Management Company	\$15,148,053	4%

## SIMULATION 36

## TOP 15 INCREASES AND DECREASES BY FACILITY (\$)

## Decreases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Accentia Health & Rehab. Center of Tampa	-\$2,476,687	-17%
Pines of Sarasota	-\$2,366,601	-20%
Miami Jewish Health Systems	-\$2,038,069	-8%
Rehabilitation Center of St. Pete	-\$1,693,509	-19%
Palatka Health Care Center	-\$1,410,328	-13%
Bon Secours Maria Manor	-\$1,368,871	-9%
Suwannee Health Care Center	-\$1,352,047	-12%
Cross Pointe Care Center	-\$1,340,842	-17%
Bayside Rehabilitation & Health Center	-\$1,220,262	-18%
Okeechobee Healthcare Facility	-\$1,216,700	-9%
Woodbridge Rehabilitation & Health Center	-\$1,216,318	-16%
SF Carnegie, LLC	-\$1,160,705	-15%
St. Catherine Laboure Manor, Inc.	-\$1,141,251	-10%
North Lake Rehabilitation and Health Center	-\$1,042,635	-15%
The Crossings	-\$981,594	-22%

## Increases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
FMHR LLC	\$1,045,352	11%
Orchard Ridge Care & Rehabilitation Center	\$1,075,622	20%
Fair Havens Center	\$1,129,585	11%
Franco Nursing and Rehabilitation Center	\$1,172,578	19%
Oakhurst Care & Rehabilitation Center	\$1,193,988	16%
Sabal Palms Health Care Center	\$1,196,771	14%
Lakeland Investors, LLC	\$1,221,283	10%
Signature HealthCARE Center of Waterford	\$1,226,603	12%
Brooksville Healthcare Center	\$1,261,689	16%
Casa Mora Rehabilitation and Extended Care	\$1,294,032	11%
Deerfield Beach Health and Rehabilitation Center	\$1,335,572	17%
Treasure Isle Care Center	\$1,399,394	13%
South Pointe Plaza	\$1,461,556	13%
Oceanside Extended Care Center	\$1,507,121	16%
Whispering Oaks	\$2,261,495	20%

## SIMULATION 36

# TOP 15 INCREASES AND DECREASES BY FACILITY (%)

### Decreases in Reimbursement

Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Saint Andrews Estates North	-\$447,730	-33%
Gulf Coast Village	-\$593,692	-25%
Solaris Healthcare North Naples, LLC	-\$510,850	-24%
Health Center at Abbey Delray	-\$577,278	-23%
The Crossings	-\$981,594	-22%
VI at Lakeside Village	-\$46,254	-22%
The Waterford	-\$108,683	-21%
LIFESPACE COMMUNITIES INC	-\$366,814	-21%
Water's Edge Extended Care	-\$120,488	-20%
Pines of Sarasota	-\$2,366,601	-20%
HarborChase of Naples	-\$154,274	-19%
Cross Terrace Rehabilitation Center	-\$954,494	-19%
Rehabilitation Center of St. Pete	-\$1,693,509	-19%
Village Place Health and Rehab Center	-\$838,059	-18%
Bayside Rehabilitation & Health Center	-\$1,220,262	-18%

### Increases in Reimbursement


Parent Company	Payment Change (Dollars)	Payment Change (Percent)
Manor-Care Health Services-Dunedin	\$642,884	15%
Oakhurst Care & Rehabilitation Center	\$1,193,988	16%
Oceanside Extended Care Center	\$1,507,121	16%
Bear Creek Nursing Center	\$638,276	16%
Brooksville Healthcare Center	\$1,261,689	16%
ManorCare Health Services (Delray Beach)	\$472,612	16%
Life Care Center of Orange Park	\$1,003,549	17%
Deerfield Beach Health and Rehabilitation Center	\$1,335,572	17%
UniHealth Post-Acute Care- Santa Rosa	\$899,335	17%
St. James Health And Rehabilitation Center	\$807,352	18%
Cross City Rehabilitation & Health Care Center	\$409,337	18%
Orange City Nursing and Rehab	\$717,586	18%
Franco Nursing and Rehabilitation Center	\$1,172,578	19%
Whispering Oaks	\$2,261,495	20%
Orchard Ridge Care & Rehabilitation Center	\$1,075,622	20%



**SECTION 4:**  
TRANSITION  
PERIOD

# TRANSITION PERIOD OPTIONS

- Transition options that can be performed for one or more years
  - Provide new state funds to reimburse facilities for some or all of their projected losses
  - Limit reimbursement increases and decreases to some percentage (for example, 5%)
    - Can be done in a budget neutral manner
    - Potentially could be refined based on quality scores
  
- Implement without a transition period



**SECTION 6:**  
SUMMARY OF  
POLICY DECISIONS

# SUMMARY OF POLICY DECISIONS

## SCOPE OF NPPS

Decision	Option Selected
Types of providers	<ul style="list-style-type: none"><li>• All nursing homes</li></ul>
Types of recipients	<ul style="list-style-type: none"><li>• Adults only</li><li>• Care for children in nursing homes will continue to be determined on a cost basis</li></ul>



# SUMMARY OF POLICY DECISIONS

## NON-PROPERTY PER DIEMS

Decision	Option Selected
Peer Groups	<ul style="list-style-type: none"> <li>• North – SMMC Regions 1-9;</li> <li>• South – SMMC Regions 10, 11</li> </ul>
Percentage of median costs	<ul style="list-style-type: none"> <li>• Highest for Direct Care costs, second highest for Indirect Care costs, third highest for Operating costs</li> <li>• Set to ensure budget neutrality</li> </ul>
Mapping of costs to per diem components	<ul style="list-style-type: none"> <li>• Navigant proposal</li> </ul>
Floors	<ul style="list-style-type: none"> <li>• Included for Direct Care and Indirect Care components of the per diem</li> <li>• Not included for the Operating component of the per diem</li> </ul>
Pass through payments	<ul style="list-style-type: none"> <li>• Property Taxes and Insurance</li> </ul>
Non-Property Budget	<ul style="list-style-type: none"> <li>• Set to sum of current spend for non-property per diem components minus funds reserved for the quality incentive program</li> </ul>
Nursing Home Quality Assessment portion of per diem	<ul style="list-style-type: none"> <li>• Maintain current policy</li> </ul>
Service specific add-ons to per diem	<ul style="list-style-type: none"> <li>• For ventilator care</li> </ul>

# SUMMARY OF POLICY DECISIONS

## PROPERTY PER DIEM COMPONENT

Decision	Option Selected
Payment calculation method	<ul style="list-style-type: none"> <li>• Fair Rental Value System (FRVS)</li> </ul>
Property Budget	<ul style="list-style-type: none"> <li>• Set to current spend for property per diem component minus property taxes and property insurance</li> </ul>
Facility renovations	<ul style="list-style-type: none"> <li>• Allow renovations to reduce age of the facility for purposes of determining depreciation</li> </ul>
Construction cost per square foot	<ul style="list-style-type: none"> <li>• Determined using RSMeans values generated annually by the Gordian Group</li> <li>• Calculated as average of all listed construction methods for a 25,000 square foot facility</li> </ul>
Use average percentage for non-patient care square footage	<ul style="list-style-type: none"> <li>• Total facility square footage set to 1.6 times patient care square feet per bed</li> </ul>

## SUMMARY OF POLICY DECISIONS

# PROPERTY PER DIEM COMPONENT – FRVS PARAMETERS

Parameter	New Navigant Values
RSMMeans Cost per Square Foot:	\$200.72
Land Allocation Percentage:	10%
Equipment Cost Per Bed:	\$8,000
Depreciation Factor:	1.5%
Fair Rental Rate:	8.0%
Minimum Occupancy:	90%
Maximum Facility Age:	40
Minimum Square Footage Per Bed:	100
Maximum Square Footage Per Bed:	500
Budget Neutrality Multiplier:	0.95951
Min Renovation Cost to Lower Facility Age:	\$500 per bed

# SUMMARY OF POLICY DECISIONS

## QUALITY INCENTIVE PROGRAM

Decision	Option Selected
Quality incentive program payment pool (what percentage)	<ul style="list-style-type: none"> <li>• 7% of funds currently paid through the non-property components of the per diem</li> <li>• Fund with Nursing Home Assessment excess funds first; fund remainder from Direct, Indirect and Operating components of legacy per diems</li> </ul>
Quality measurement	<ul style="list-style-type: none"> <li>• As described on earlier slides               <ul style="list-style-type: none"> <li>○ Total of 40 points</li> <li>○ Combination of Process, Outcome, Structure, and Credentials/Accreditations</li> </ul> </li> </ul>
Percentile of quality score to qualify for quality payment	<ul style="list-style-type: none"> <li>• 30<sup>th</sup> percentile</li> <li>• No threshold (0 percentile)</li> <li>• Something in between</li> </ul>