


AHCA NURSING HOME PROSPECTIVE PAYMENT SYSTEM

6TH NPPS PUBLIC MEETING

DECEMBER 8, 2016

TABLE OF CONTENTS

- SECTION 1:** Summary of Policy Decisions
- SECTION 2:** Recommended Transition Period Example
- SECTION 3:** Implementation Details
- SECTION 4:** Public Comment



**SECTION 1:
SUMMARY OF
POLICY DECISIONS**

SUMMARY OF POLICY DECISIONS

SCOPE OF NPPS

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

SUMMARY OF POLICY DECISIONS

NON-PROPERTY PER DIEMS

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

SUMMARY OF POLICY DECISIONS

PROPERTY PER DIEM COMPONENT

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

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:	0.93104
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	<ul style="list-style-type: none"> • 7% of funds currently paid through the non-property components of the per diem • Fund with Nursing Home Assessment excess funds first; fund remainder from Direct, Indirect and Operating components of legacy per diems
Quality measurement	<ul style="list-style-type: none"> • As described in November public meeting <ul style="list-style-type: none"> ○ Total of 40 points ○ Combination of Process, Outcome, Structure, and Credentials/Accreditations
Percentile of quality score to qualify for quality payment	<ul style="list-style-type: none"> • 30th percentile

SUMMARY OF POLICY DECISIONS

TRANSITION PERIOD

Decision	Option Selected
Recommend a transition period	<ul style="list-style-type: none">• Yes
Type of transition period	<ul style="list-style-type: none">• Cap on gains and losses• Cap losses at 5%• Cap gains at level that allows for budget neutrality (will be nearly 5%)
Length of transition period	<ul style="list-style-type: none">• 1 year

SIMULATION 42

NON-PROPERTY PER DIEM PARAMETERS

Direct Care Component

Region	Median DC	% of Median	DC Price	DC Floor			
North	\$107.10	100%	\$107.10	95.0%	Add-On 1 Per Diem:	\$200	Ventilator Care \$8.2 million
South	\$115.26	100%	\$115.26	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	\$34.19	93%	\$31.79	95.0%
South	\$37.49	93%	\$34.87	95.0%

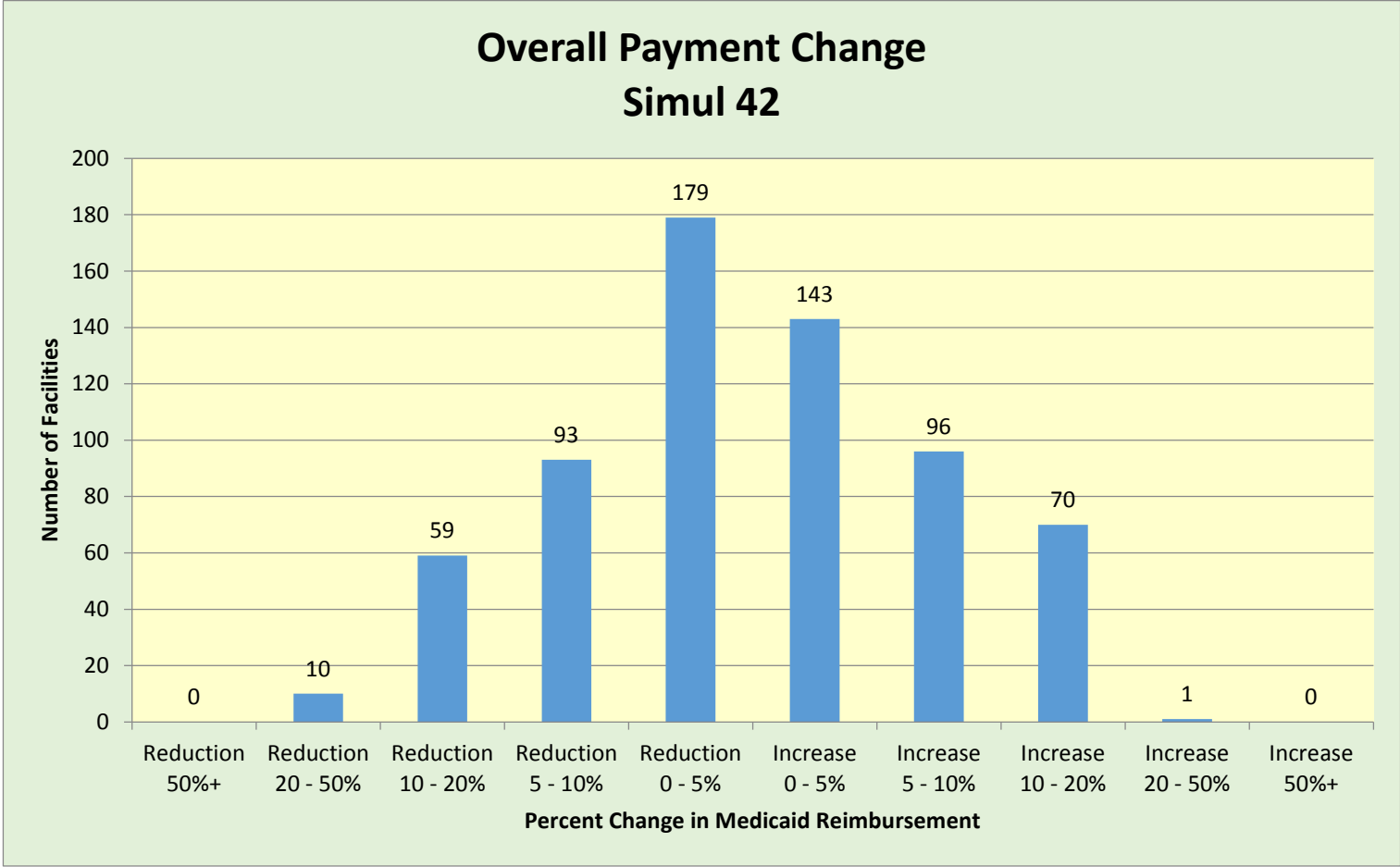
Operating Component

Region	Median Operating	% of Median	Operating Price	Operating Floor
North	\$51.74	86%	\$44.49	0.0%
South	\$58.64	86%	\$50.43	0.0%

Budget Neutrality Multiplier

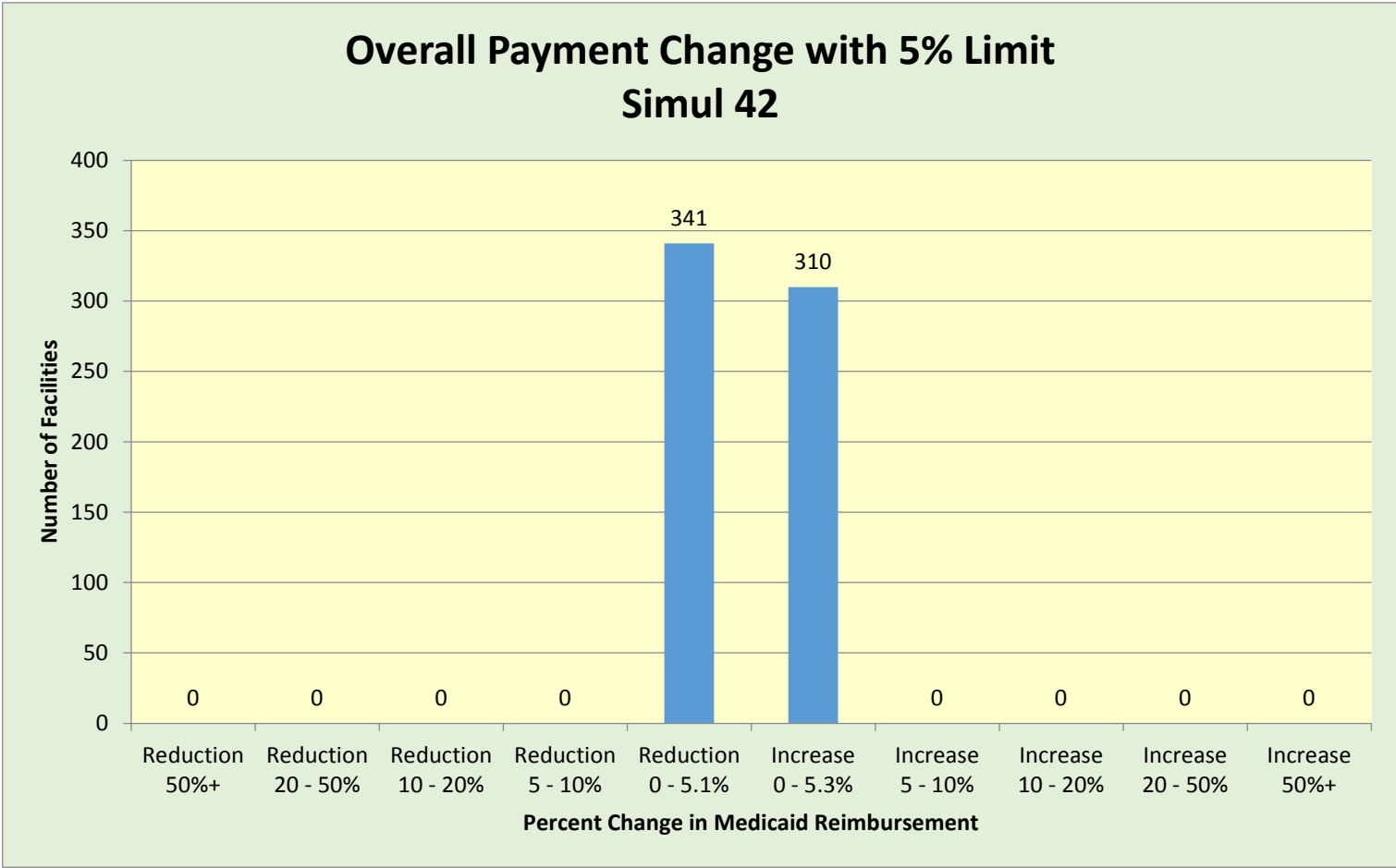
Value
0.99871


REIMBURSEMENT CHANGES BY FACILITY BEFORE TRANSITION



SIMULATION 42

REIMBURSEMENT CHANGES BY FACILITY WITH TRANSITION

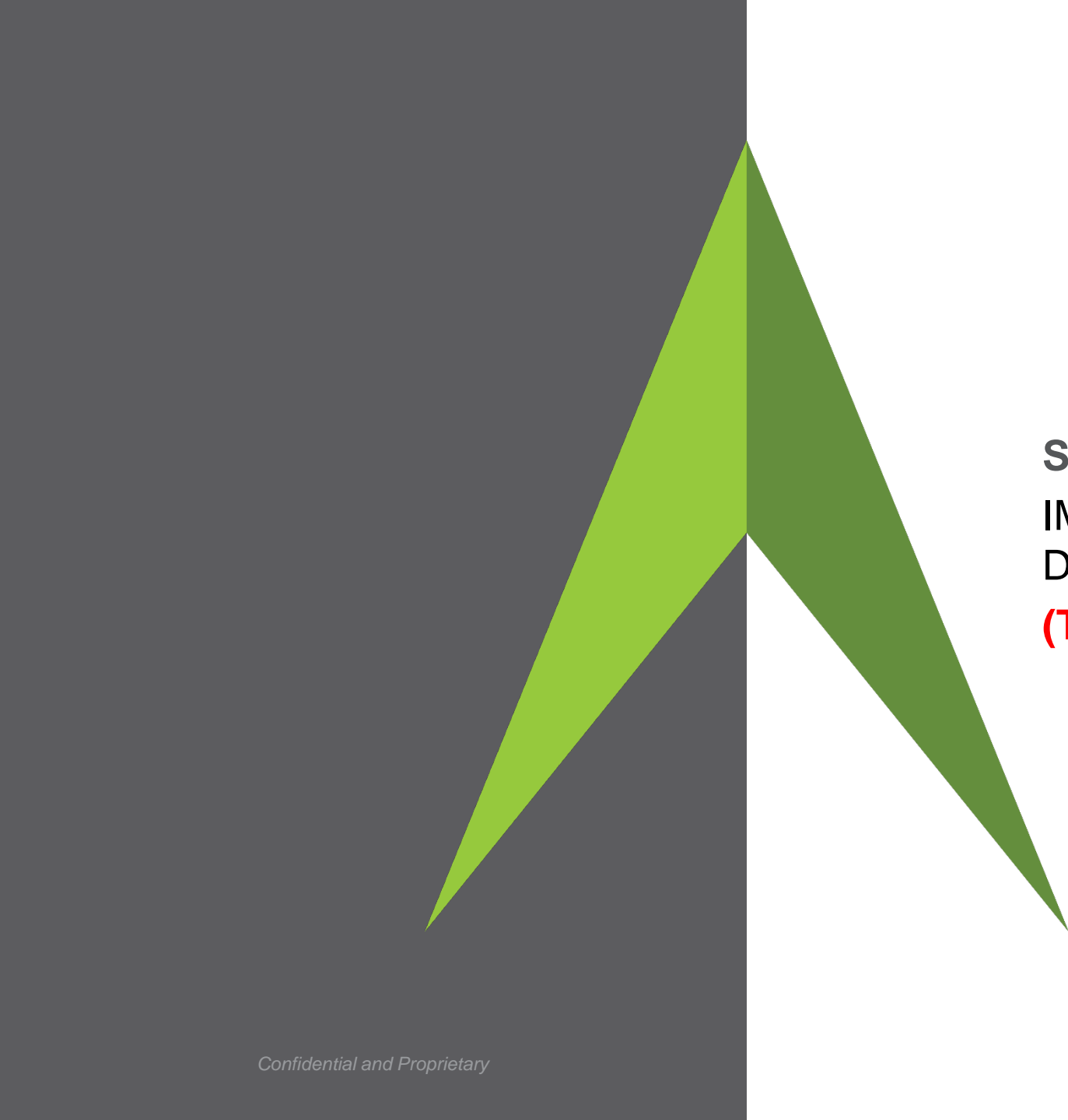




SECTION 2:
RECOMMENDED
TRANSITION
PERIOD EXAMPLE

RECOMMENDED TRANSITION PERIOD EXAMPLE

Estimated Payment Change	Medicaid Annualized Days	Current Per Diem	Current Total Payment	NPPS Per Diem Before Transition	Total Proposed New Payment Before Transition	Estimated Payment Change Before Transition	Estimated Percent Change Before Transition	Annual Payment Adjusted for Transition	Final Per Diem Adjusted for Transition
Decrease more than 5%	29,363	\$246.51	\$7,238,388	\$219.33	\$6,440,083	-\$798,305	-11.0%	\$6,876,468	\$234.19
Decrease less than 5%	26,235	\$232.57	\$6,101,526	\$225.33	\$5,911,648	-\$189,878	-3.1%	\$5,911,648	\$225.33
Increase less than increase cap*	20,798	\$226.71	\$4,715,158	\$235.20	\$4,891,710	\$176,552	3.7%	\$4,891,710	\$235.20
Increase more than increase cap*	32,742	\$195.00	\$6,384,530	\$208.89	\$6,839,355	\$454,826	7.1%	\$6,717,802	\$205.17
Note:									
* Payment increase cap in Simulation 42 is 1.0522.									



**SECTION 4:
IMPLEMENTATION
DETAILS
(TENTATIVE)**

- Cost reports
 - Continue submitting annually
 - Possibly change to allow for reporting of completed renovations

IMPLEMENTATION DETAILS

REBASING PER DIEM

- Rebasing per diem
 - Annually for quality
 - Annually for FRVS
 - RSMMeans value
 - Recent renovations
 - Budget neutrality multiplier
 - Once every three years for all other per diem components
 - Rebase using only audited cost reports (AHCA would need to audit each facility at least once every three years)
 - Apply inflation increase annually, if funded by FL Legislature

IMPLEMENTATION DETAILS

REBASING QUALITY

- **Benchmarks**
 - Update “Process” and “Outcome” benchmarks once every three years (i.e. freeze the 50, 75/25, and 90/10 percentiles for three years)
 - Update staffing benchmarks annually
- **Individual facility scores**
 - Recalculate individual facility “Process” and “Outcome” scores annually
 - Update individual facility staffing levels annually
 - Update individual facility credentials annually
- **Value per quality point**
 - Maintain the same per diem value per quality point for three years

➤ New facilities

- Paid the standard per diem for Direct, Indirect, and Operations components (no floor applied)
- FRVS, property taxes and property insurance per diems determined from budgeted cost report
- Minimum occupancy in FRVS calculation set to 75% for first year, then increased to standard value (90%)
- Quality Incentive payments applied at a value equal to the 50th percentile quality score calculated for all facilities in Florida
- Ventilator care add-on payments based on number of ventilator beds and the minimum occupancy estimation

CHANGES IN OWNERSHIP

- Changes in ownership
 - Given the same per diem as previous owner until an actual cost report is received

CARVED OUT RECIPIENTS AND FACILITIES

➤ Services for children

- Separate cost reports must be filed for care of children and adults in facilities that care for both
- Separate facility information for FRVS calculations must also be submitted
- Per diem calculated as facility-specific and cost-based, updated annually based on audited cost report
- Property component calculated using new FRVS method

➤ Veteran's Administration nursing facilities

- Per diem calculated as facility-specific and cost-based, updated annually based on audited cost report
- Property component calculated using new FRVS method

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



**SECTION 6:
PUBLIC COMMENT**