

DRAFT Summary
Workgroup for Nursing Facility Reimbursement
January 16, 2009
1:00 P.M. – 4:00 P.M.

Members Present

Erwin Bodo, PhD.
Doug Burr
Tony Marshall
Betty Sorna

AHCA Staff

Phil Williams
Susan Dilmore
Michele Hudson
Wesley Hagler

Introductions

Susan Dilmore opened the meeting with introductions.

Purpose of the Workgroup

Mr. Phil Williams explained that the Agency was directed by the legislature to create this workgroup to evaluate alternative reimbursement payment methodologies. Additionally, the workgroup is to consider price-based methodologies for indirect care and acuity adjustments for direct care. The Agency is directed to submit a report on the alternative reimbursement methodologies to the Senate and House of Representatives by November 1, 2009.

Ms. Susan Dilmore stated that discussions that are not related to the topics of reimbursement and payment are excluded from the workgroup and that if those issue arise, they will be tabled and handled outside the workgroup by the Agency. Members of the workgroup are appointed for a one-year term. The group is not a decision making body; it is a fact finding body.

Medicaid Overview

Mr. Williams stated that this presentation is a general overview of Medicaid, and that issues specific to nursing facilities would be discussed in subsequent presentations.

The Medicaid program is a partnership between the State and Federal government. There are federal requirements that must be met, and those are specified in the state plan as approved by federal CMS. There are mandatory and optional eligibility groups and service categories.

In Fiscal Year 2008-09, Florida Medicaid has estimated \$15.7 billion spending. The federal share of funding is 55.40%, while the state share is 44.60%. Forty-five percent of all Medicaid expenditures cover hospitals, nursing homes, Intermediate Care Facilities for the Developmentally Disabled, Low Income Pool and Disproportionate Share Payments. About 10% of expenditures are for prescribed medications. Florida is the fifth largest nationwide in Medicaid expenditures.

There are 16 mandatory services that must be provided under the Medicaid program. These services account for a little over 41% of current year expenditures. Florida also provides 30 optional services, which account for almost 59% of current year expenditures.

Over time, the federal medical assistance percentage has been declining. There are currently efforts underway in Congress as a part of the economic stimulus package to address FMAP issues, and we are anxiously awaiting the conclusion of those deliberations.

Special Session Update

Mr. Williams began the special session update by stating that hospitals ended up with a 4% reduction. There was a specific exemption for two Florida Hospitals. In addition, safety net hospitals, some public hospitals, teaching hospitals, as well as trauma hospitals are given the opportunity to, in effect, buy back their reductions. They can come up with local government funds that are acceptable as intergovernmental transfer to make up the difference.

With regard to the Medicaid Pharmacy program, there will be a reduction in the pharmacy dispensing fee effective March 1st. In addition, there are a series of prior authorization and utilization controls that will be implemented March 1st in the pharmacy program. County health departments will see a 5% reduction effective March 1st. Prepaid mental health plans will be cut 2% effective March 1st.

Prepaid health plans, HMOs, also received a direct deduction of about .59% in their reimbursement and it would seem that the total impact on HMOs is going to be about 3%. The nursing home diversion rate was reduced by 2%. Hospice rates were reduced 10.5%, both effective March 1.

Medicaid Cost Reimbursement

Mr. Wesley Hagler led the presentation on current reimbursement rates. He explained that there are three components of the Reimbursement Per Diem (Operating, Patient care – Direct and Indirect, and Property – Cost based and Fair Rental Value System).

Mr. Hagler discussed Plan Changes to Operating Component by Rate Semester. As of January 1, 2008, the Provider Specific Target Inflation Multiplier is 2.0. Additionally, new targets were established based on July 2007 rates.

Mr. Bodo suggested that the payment numbers might be in error. Discussion ensued regarding the rate methodology.

Discussion of Tasks

Mr. Williams led the discussion on tasks. The members brought forth several items that they would like to see at the next meeting. They are outlined below.

Discussion of upcoming meetings, topics and schedule

Ms. Dilmore noted the following items as requested for discussion at future meetings:

- Create a new chart (similar to slide 22 of Medicaid Overview Presentation) that shows a historical look at the Nursing Facility expenditures.
- Staff to look at logistics for 1 rate setting for the upcoming semester, instead of 3 separate rate settings to account for activities of special session. Recommended a blended rate.
- Agency to prepare forms for the Nursing Homes (Revenue Information?)
- Staff to check slide 3 of the Current Reimbursement Presentation (before or after trend factor adjustment?)
- Staff to report who is receiving the AIDS rates
- Create a new agenda with the following categories:
 - Components and Classes
 - Cost reimbursement vs Pricing model
 - How property is handled: FRVS and
 - Suggestions on Geographic system
 - Targets, Ceilings and Inflation Factors
 - Access to acuity measurement
 - By Facility
 - By Medicaid Beneficiaries (including duals)
 - Correlation between staff cost and acuity
- Create a Timeline of activities for completion of workgroup task (discuss Components and classes, model, review legislative realities, make recommendations, etc)
- Staff to provide the 1999 Study on FRV
- Schedule next meeting for the week of 2/16 if possible