

# *Medicaid Cost Reimbursement*

## *Nursing Home Trends 1998-2009*

*January 16, 2009*

*Workgroup on Nursing Facility Reimbursement  
Agency for Health Care Administration  
Tallahassee, Florida*

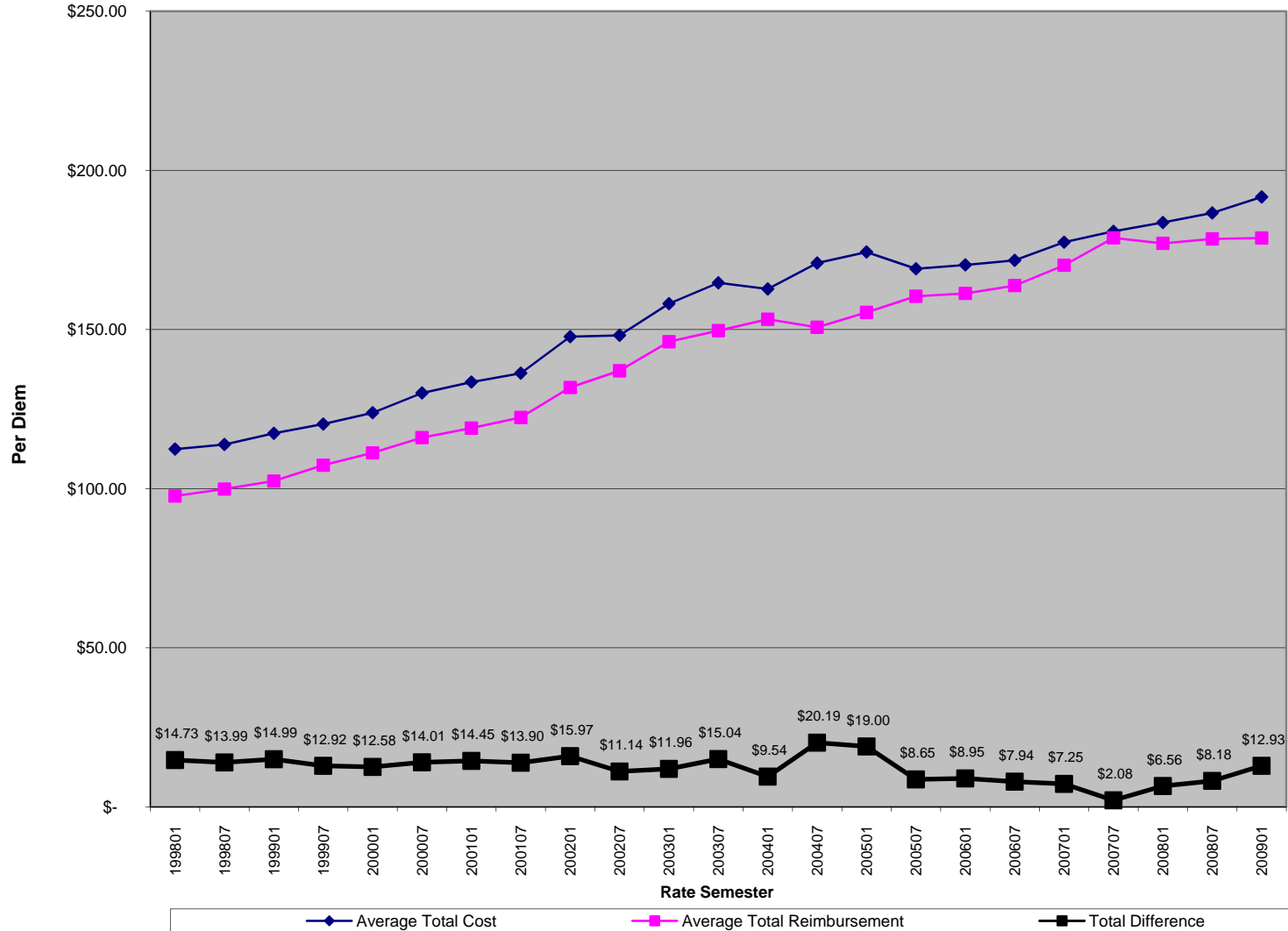
# *Components of the Reimbursement Per Diem*

- Operating.
- Patient Care.
  - Direct Care.
  - Indirect Care.
- Property.
  - Cost Based.
  - Fair Rental Value System (FRVS).

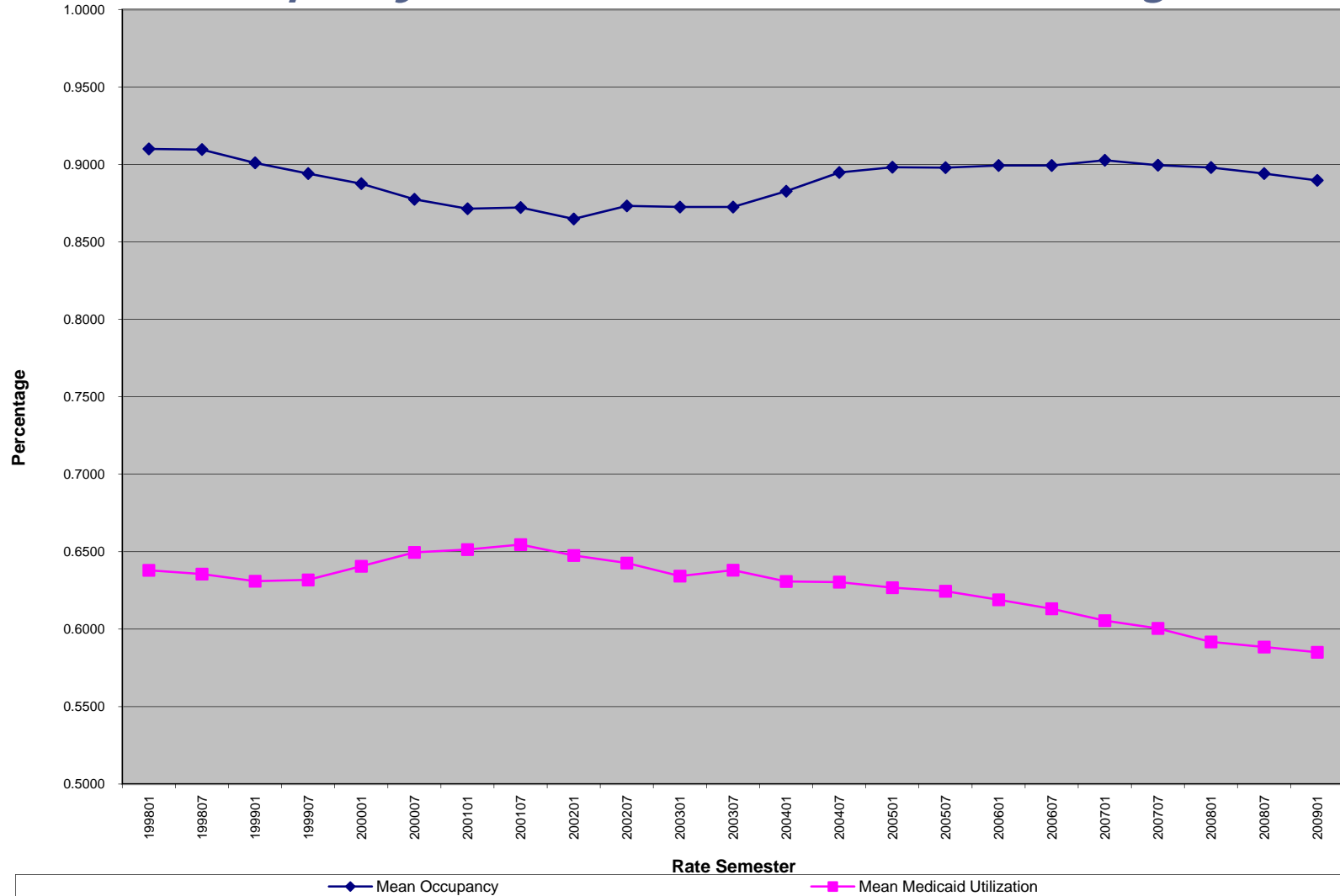
# *Target and Ceiling Limitations*

- Target Limitations.
  - Provider Target Limitation.
  - New Provider Target Limitation.
- Ceilings.
  - Cost-Based Class Ceilings.
  - Target Rate Class Ceilings.

## Nursing Homes Reimbursement 1998-2009 Total Costs vs Total Reimbursement



## *Nursing Homes Reimbursement 1998-2009 Occupancy & Medicaid Utilization Percentages*



# *Operating Component*

# *Plan Changes to Operating Component by Rate Semester*

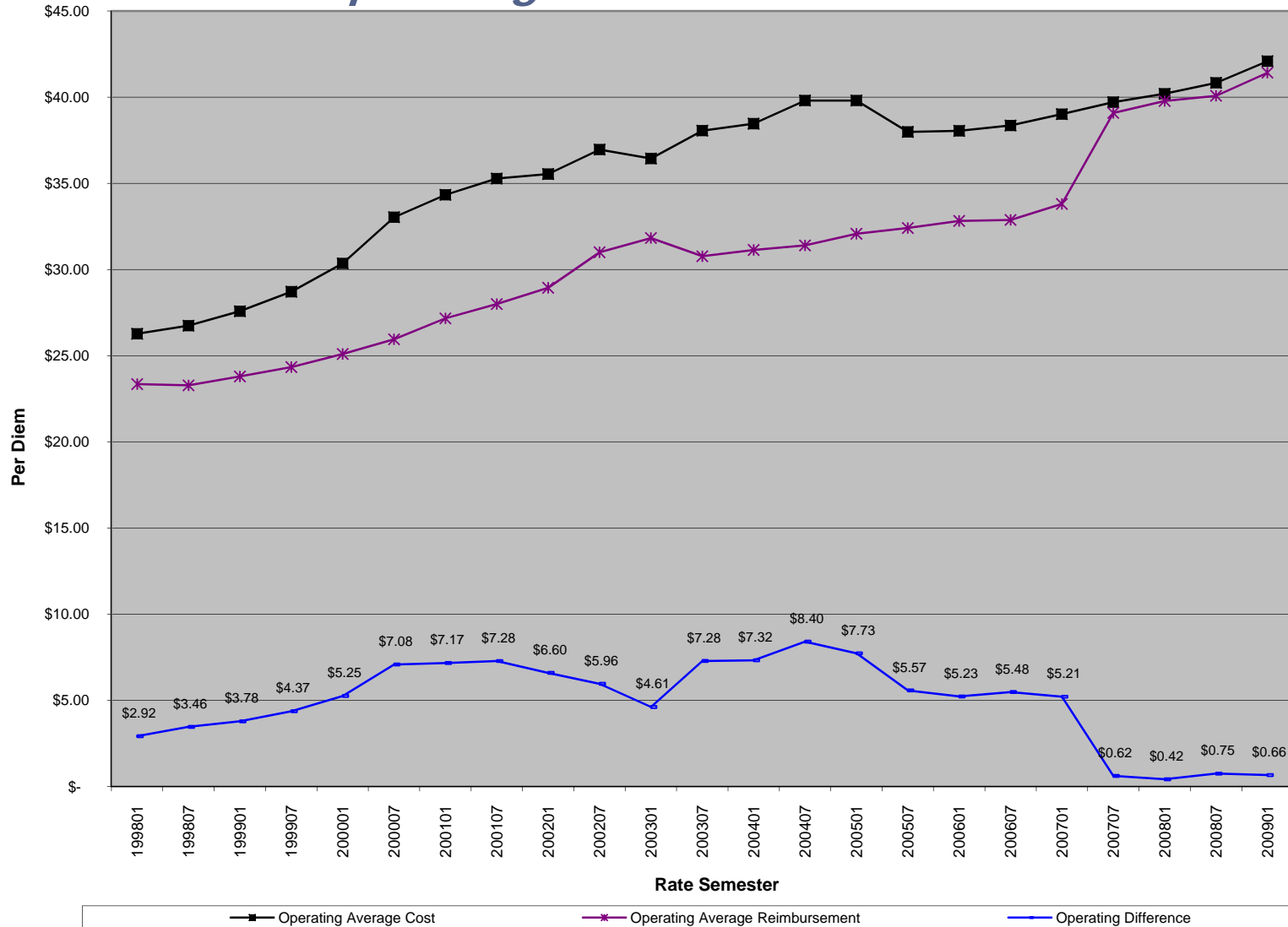
- July 1, 2000.
  - Interim Rate Request provision for General and Professional Liability Insurance.
  
- July 1, 2002.
  - Partial Rebase of Target Limits to address General and Professional Liability Insurance issue (\$27 million).

# *Plan Changes to Operating Component by Rate Semester*

- July 1, 2003.
  - Repeal of \$27 million for partial rebase of Target Limits due to non-recurring funds.
- July 1, 2007.
  - Full Re-basing of Targets and Ceilings.
  - Floors established for Provider Targets and Target Ceilings.
- January 1, 2008.
  - Provider Specific Target Inflation Multiplier is 2.0.
  - New Targets established based on 7/07 rates.

## Nursing Homes Reimbursement 1998-2009

### Operating Cost vs Reimbursement



# *Patient Care Component*

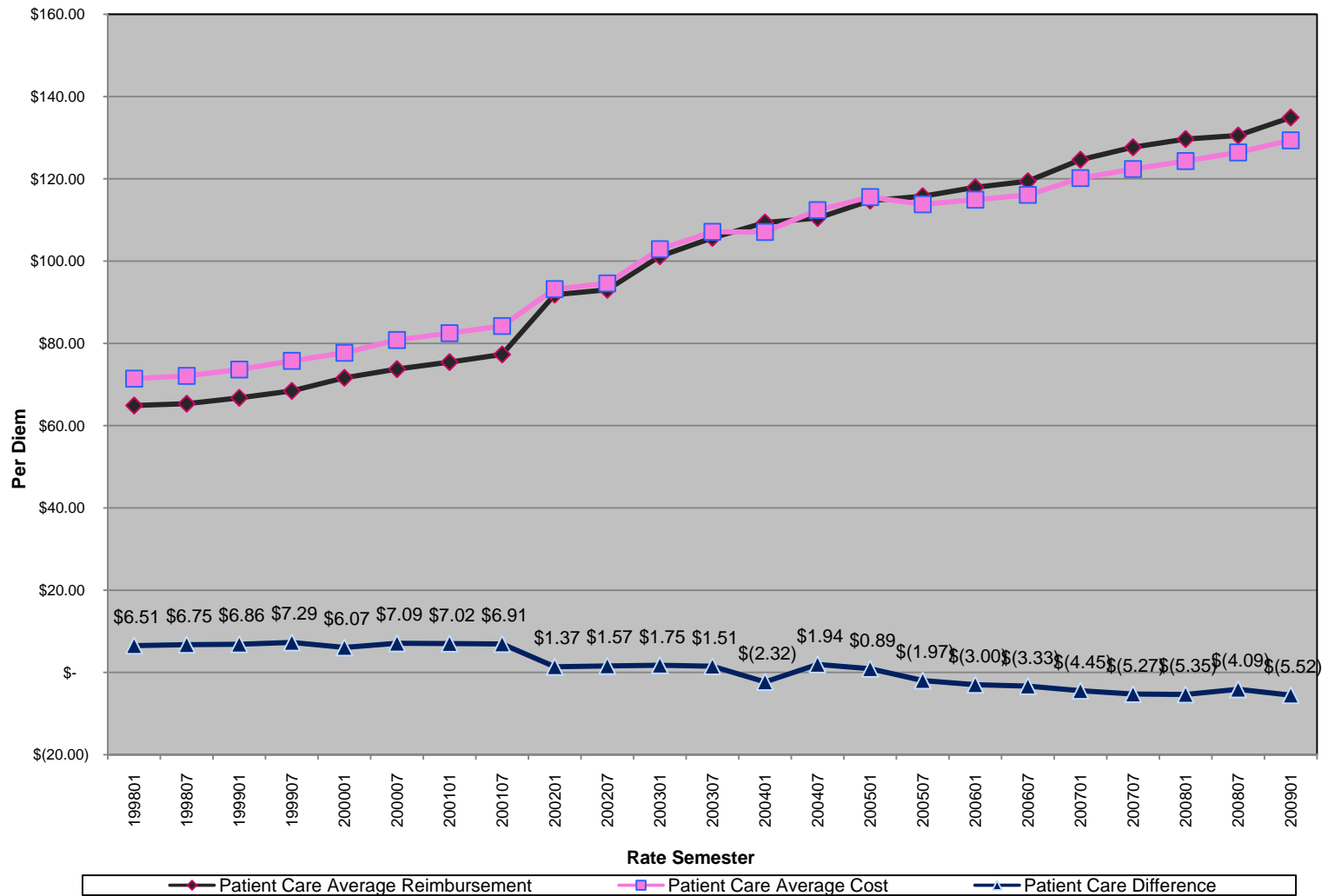
## *Plan Changes to Patient Care Component By Rate Semester*

- July 1, 1998.
  - \$ .25 Add-on.
- April 1, 1999.
  - Case Mix Add-on.
- January 1, 2000.
  - Partial Rebase of Target Limits.
- April 1, 2000.
  - Direct Care Staffing Add-on (DCSA).

# *Plan Changes to Patient Care Component By Rate Semester*

- January 1, 2001.
  - Prorate DCSA for cost reports that include periods after April 2000.
- November/December 2001.
  - Direct Patient Care Add on.
- January 1, 2002.
  - Eliminated Case Mix Add-on.
  - Patient Care component split into two subcomponents:
    - Direct Patient Care.
    - Indirect Patient Care.

## Nursing Home Reimbursement 1998-2009 Total Patient Care Cost vs Reimbursement



## *Direct Patient Care*

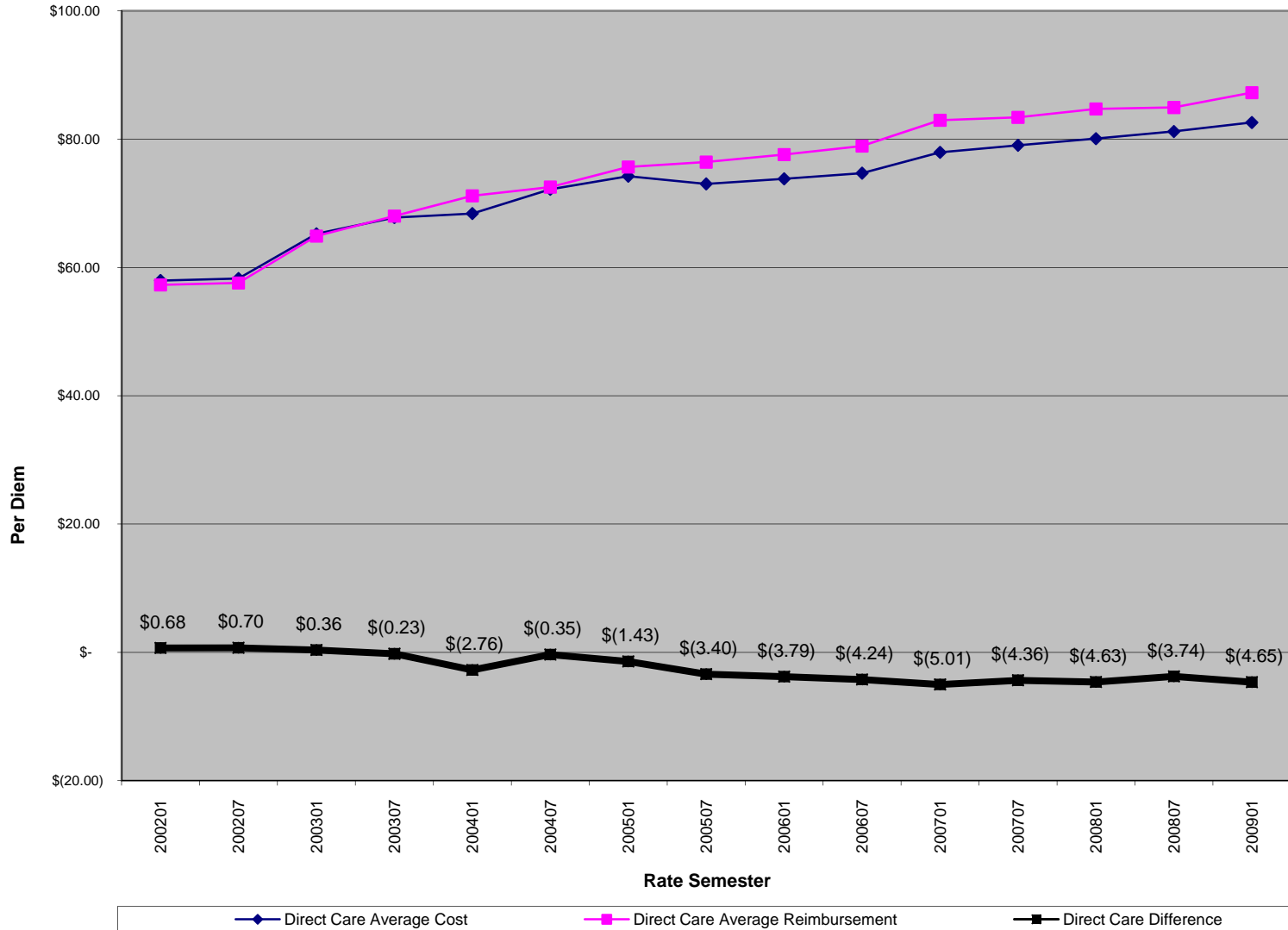
- Salaries and benefits of direct care staff providing nursing care directly to the residents.
- January 1, 2002.
  - Elimination of Target Limits.
  - Limited to lower of Cost or Cost-Based Class Ceiling.
  - Increased staffing ratio minimums.
    - CNA from 1.7 hours/ppd to 2.3 hours/ppd.
    - RN/LPN from .6 hours/ppd to 1.0 hours/ppd.
  - Gross-up adjustment.

## *Direct Patient Care*

- January 1, 2003.
  - Increased staffing ratio minimums.
    - CNA from 2.3 hours /ppd to 2.6 hours/ppd.
  - Gross-up adjustment.
- July 1, 2004.
  - Direct Patient Care Cost receives its own inflation factor.
- January 1, 2007.
  - Increased staffing ratio minimums.
    - CNA from 2.6 hours/ppd to 2.7 hours/ppd min with weekly avg of 2.9.

## Nursing Homes Reimbursement 1998-2009

### Direct Care Cost vs Reimbursement



## *Indirect Patient Care*

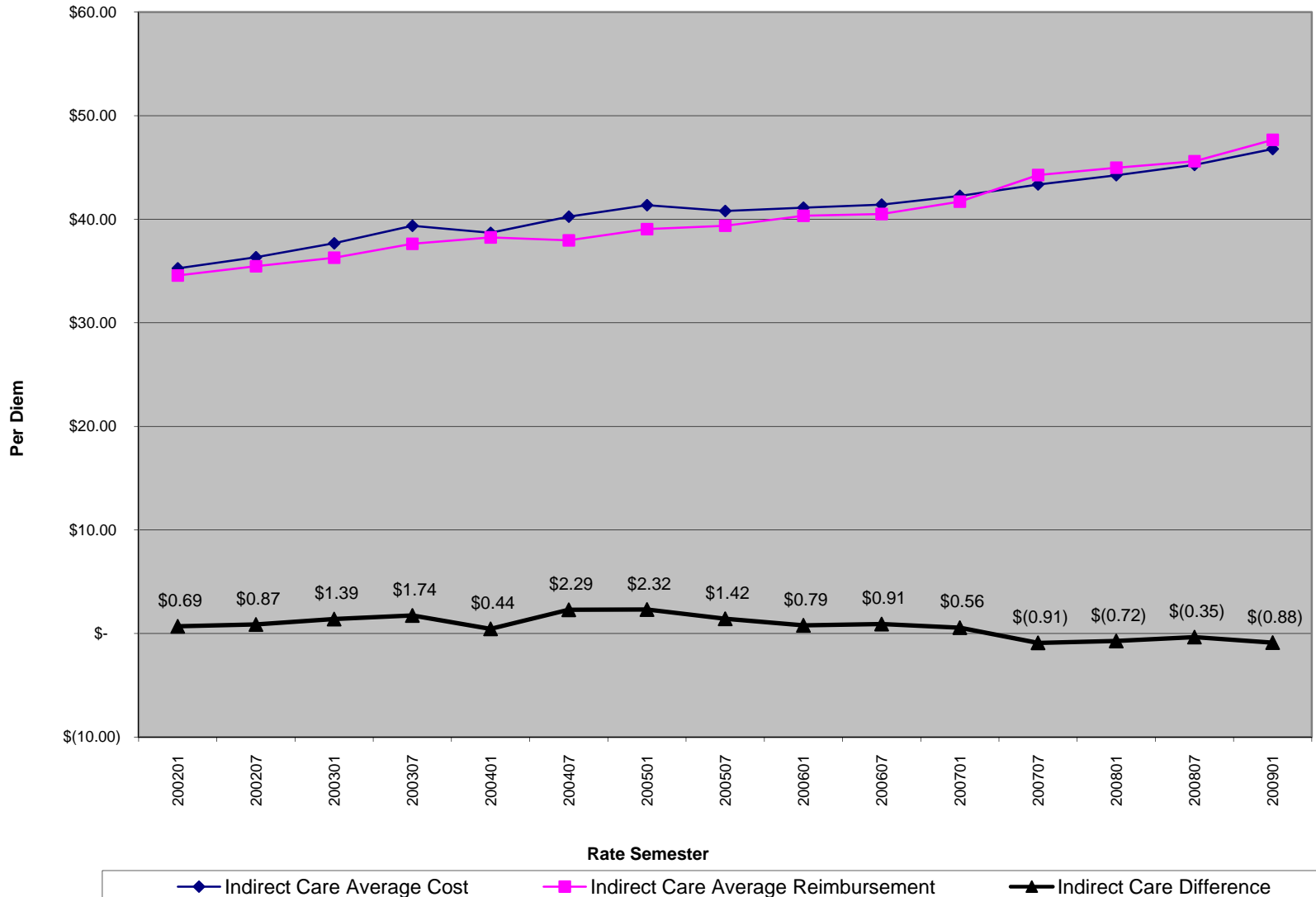
- All other patient care costs.
- January 1, 2002.
  - Elimination of Target Limits.
  - Limited to lower of Cost or Cost-Based Class Ceiling.
- July 1, 2002.
  - Target Limits return.

## *Indirect Patient Care*

- July 1, 2007.
  - Full Re-basing of Targets and Ceilings.
  - Floors established for Provider Targets and Target Ceilings.
- January 1, 2008.
  - Provider Specific Target Inflation Multiplier is 2.0.
  - New Targets based on 7/07 rates.

## Nursing Homes Reimbursement 1998-2009

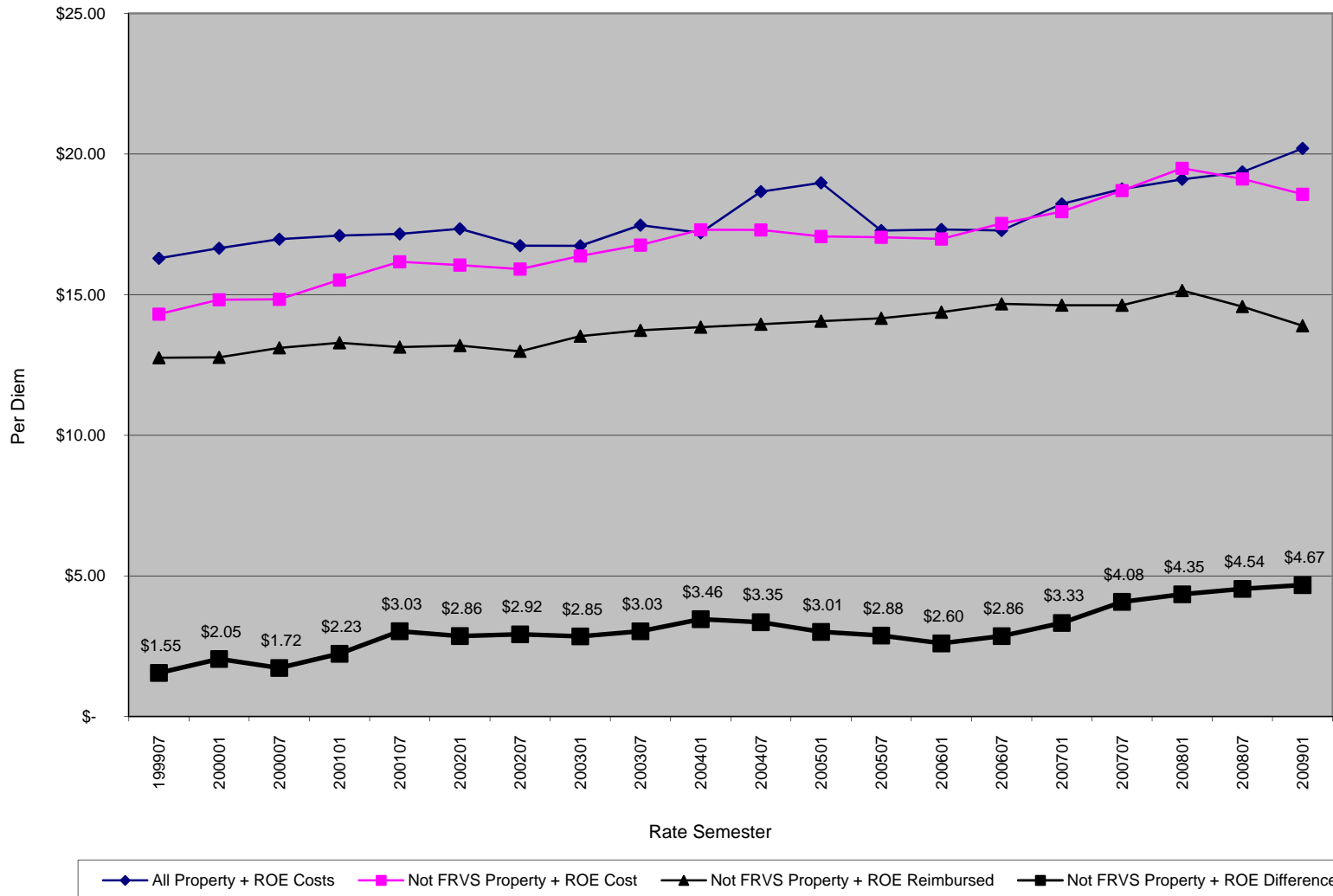
### Indirect Care Costs vs Reimbursement



# *Property and ROE*

## Nursing Home Reimbursement 1998-2009

### Property + ROE Cost vs Reimbursement under Not FRVS



## Nursing Homes Reimbursement 1998-2009

### Property + ROE Cost vs Reimbursement under FRVS

