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Governor



**DIVISION OF MEDICAID SERVICES**

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## **Agenda**

### **Nursing Home Industry Meeting Wisconsin Medicaid Nursing Facility Payment Methods**

Thursday, April 19, 2018  
10:00 a.m.–12:00 p.m.  
Conference Room 751

1. Welcome and opening remarks–Rene Eastman
2. Updates on policy initiatives–Rene Eastman
  - a. RUGS-based payment reform
  - b. Property workgroup
  - c. Transportation delivery model
  - d. Allocation of budgeted funds
3. Proposed Methods changes–Rene Eastman
  - a. Simplification and reorganization
  - b. Key personnel compensation–Cost report schedule 45
  - c. Investment income offset
  - d. Hospice days and supplemental payments
4. Preliminary rate modeling estimates –Jim Robinson
  - a. Case mix index and acuity trend estimate
  - b. Patient days trend estimate
5. Next steps–Rene Eastman  
Future public meetings:
  - a. Thursday, June 28, 2018
  - b. Monday, August 20, 2018



# Nursing Home Methods

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Public Meeting—April 19, 2018

10:00 a.m.—12:00 p.m.

1 West Wilson, Room 751

# Presenters

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## **Rene Eastman, section chief**

Nursing Home Policy and Rate Setting  
Division of Medicaid Services

## **Jim Robinson, director**

Center for Health Systems Research and Analysis  
UW-Madison

# Agenda

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- Updates on policy initiatives (Rene)
- Proposed method changes (Rene)
- Preliminary rate modeling estimates (Jim)
- Next steps (Rene)

# Policy Initiative Updates

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- Resource Utilization Grouper (RUGS)-based payment reform
- Property workgroup
- Transportation delivery model
- Allocation of budgeted funds

# Proposed Methods Changes

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## **Simplification and Reorganization**

- Move Methods of Implementation for Wisconsin Medicaid Nursing Home Payment Rates (Methods) sections to match the format of the rate calculation spreadsheets.
- Move many appendices and payment parameters to the same sections and/or areas as the descriptions of allowable costs.
- Shorten the document substantially.
- Make it easier for someone new to Medicaid nursing home reimbursement to understand.

# Proposed Methods Changes

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Old Table of Contents	New Table of Contents
<ul style="list-style-type: none"><li>• Introduction</li><li>• Payment rate allowances described</li><li>• Calculation of payment allowances</li><li>• Special payment rate adjustments and recalculations</li><li>• Appendices related to reimbursement</li><li>• Addendum for State Plan purposes</li></ul>	<ul style="list-style-type: none"><li>• Introduction: Rate-setting procedures</li><li>• Direct care</li><li>• Support services</li><li>• Property</li><li>• Property tax</li><li>• Incentives</li><li>• Other payment calculations</li></ul>

# Proposed Methods Changes

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## **Key Personnel Compensation–Schedule 45**

- Eliminate this schedule from the cost report–proposal to DHS.
- Require other entities that accept Medicaid funding (MCOs, for example) to report similar information.
- Continue to make audit adjustments based on information from this schedule:
  - Salaries inappropriately allocated to direct care rather than to support services
  - Related party compensation in excess of reasonable costs

# Proposed Methods Changes

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## Investment Income Offset

- The Methods language in 3.526(e) does not match the department's regular practice of applying investment income offsets prior to other reductions.
- “The allowable interest expense after applying Sections 1.270 and 3.526(a)1 ~~through 4~~ will be reduced by the amount of any investment income of the facility or related entities, including foundations, home offices, etc. per Section 1.270 to the extent the total property related expenses exceed 6% of equalized value.”

# Proposed Methods Changes

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## **Hospice Days and Supplemental Payments**

- Managed care Medicaid hospice patient days are recorded on the managed care Medicaid line on Schedule 6 (this is not changing).
- Supplemental payment allocations currently consider patient days from the managed care Medicaid line, but not the fee-for-service (FFS) hospice line.
- DHS proposes considering FFS hospice patient days for supplemental payment allocations align with the managed care Medicaid hospice patient days.

# Preliminary Rate Modeling Estimates

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- Case mix index and acuity trend estimate
- Patient days trend estimate

# Next Steps

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## **Upcoming public meetings**

- June 28
- August 20

# WI Nursing Home Census and Case Mix History

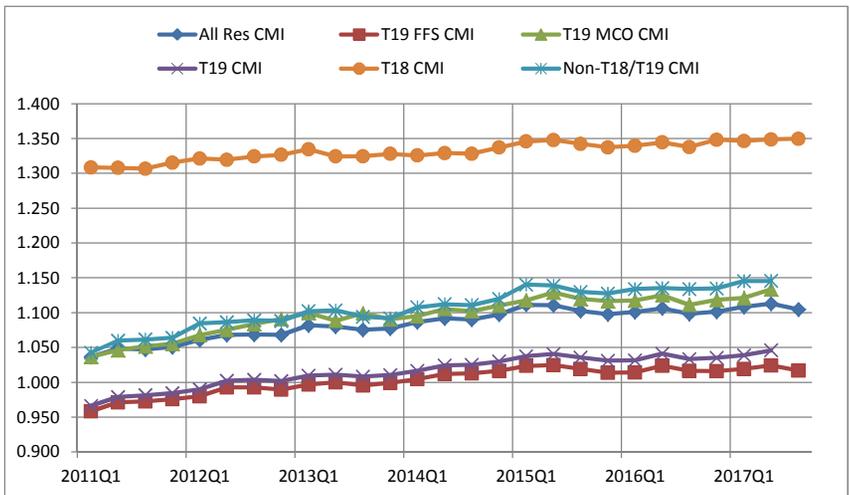
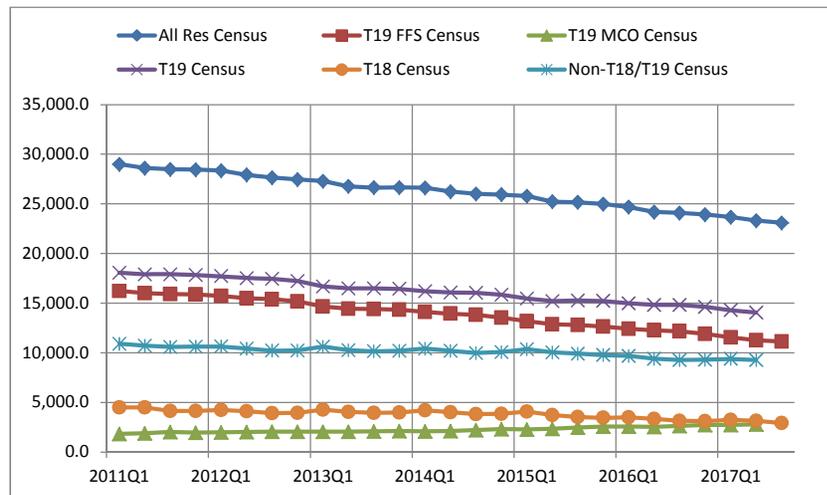
Excludes state owned/operated facilities and non-Medicaid facilities; excludes DD, vent. and TBI residents

Picture Quarter	Rate Quarter	All Res Census	T19 FFS Census	T19 MCO Census	T19 Census	T18 Census	Non-T18/T19 Census	All Res CMI	T19 FFS CMI	T19 MCO CMI	T19 CMI	T18 CMI	Non-T18/T19 CMI
2011Q1	2011Q4	28,993.3	16,231.2	1,843.4	18,074.5	4,499.4	10,918.7	1.036	0.958	1.037	0.966	1.308	1.042
2011Q2	2012Q1	28,614.1	15,996.2	1,896.9	17,893.1	4,498.6	10,720.9	1.048	0.971	1.046	0.979	1.308	1.060
2011Q3	2012Q2	28,493.1	15,900.4	2,012.7	17,913.0	4,144.1	10,580.1	1.047	0.973	1.052	0.981	1.307	1.061
2011Q4	2012Q3	28,453.1	15,881.0	1,954.5	17,835.5	4,142.1	10,617.6	1.051	0.976	1.055	0.985	1.316	1.064
2012Q1	2012Q4	28,358.9	15,718.7	2,004.5	17,723.2	4,229.8	10,635.7	1.061	0.980	1.068	0.990	1.321	1.085
2012Q2	2013Q1	27,926.3	15,497.1	2,008.7	17,505.9	4,105.7	10,420.4	1.068	0.993	1.075	1.002	1.319	1.087
2012Q3	2013Q2	27,663.9	15,389.2	2,057.1	17,446.3	3,927.2	10,217.7	1.069	0.993	1.084	1.003	1.324	1.089
2012Q4	2013Q3	27,457.4	15,164.4	2,050.3	17,214.7	3,938.9	10,242.8	1.068	0.990	1.091	1.002	1.327	1.088
2013Q1	2013Q4	27,308.4	14,648.9	2,047.0	16,696.0	4,278.7	10,612.4	1.082	0.997	1.100	1.010	1.335	1.102
2013Q2	2014Q1	26,773.9	14,440.4	2,058.6	16,499.0	4,048.3	10,274.9	1.080	1.000	1.088	1.011	1.324	1.103
2013Q3	2014Q2	26,646.1	14,407.2	2,085.1	16,492.3	3,950.8	10,153.8	1.075	0.995	1.099	1.008	1.324	1.094
2013Q4	2014Q3	26,653.5	14,337.1	2,104.0	16,441.0	3,981.6	10,212.4	1.077	0.999	1.091	1.011	1.328	1.092
2014Q1	2014Q4	26,620.2	14,106.1	2,095.6	16,201.8	4,192.9	10,418.4	1.087	1.005	1.095	1.016	1.326	1.108
2014Q2	2015Q1	26,254.3	13,940.5	2,125.5	16,066.1	4,022.8	10,188.3	1.092	1.012	1.105	1.024	1.329	1.112
2014Q3	2015Q2	26,011.2	13,826.1	2,205.5	16,031.7	3,822.8	9,979.5	1.090	1.013	1.102	1.025	1.328	1.111
2014Q4	2015Q3	25,939.0	13,550.9	2,300.6	15,851.4	3,851.3	10,087.6	1.097	1.016	1.110	1.030	1.337	1.120
2015Q1	2015Q4	25,804.1	13,173.0	2,277.5	15,450.5	4,084.2	10,353.6	1.111	1.024	1.118	1.037	1.346	1.140
2015Q2	2016Q1	25,228.7	12,853.0	2,340.5	15,193.6	3,723.7	10,035.2	1.111	1.025	1.129	1.041	1.348	1.139
2015Q3	2016Q2	25,168.9	12,789.5	2,469.3	15,258.8	3,531.8	9,910.1	1.102	1.019	1.120	1.036	1.342	1.130
2015Q4	2016Q3	24,991.0	12,652.9	2,569.5	15,222.4	3,450.4	9,768.7	1.098	1.014	1.116	1.031	1.337	1.128
2016Q1	2016Q4	24,684.2	12,419.8	2,567.2	14,987.0	3,503.4	9,697.2	1.101	1.014	1.117	1.032	1.340	1.134
2016Q2	2017Q1	24,201.5	12,273.5	2,541.8	14,815.3	3,340.4	9,386.2	1.106	1.024	1.125	1.041	1.345	1.135
2016Q3	2017Q2	24,090.3	12,176.6	2,640.9	14,817.5	3,131.9	9,272.7	1.098	1.016	1.111	1.033	1.338	1.134
2016Q4	2017Q3	23,926.0	11,901.5	2,714.6	14,616.1	3,103.9	9,309.9	1.102	1.016	1.119	1.035	1.348	1.135
2017Q1	2017Q4	23,676.8	11,558.5	2,734.9	14,293.3	3,238.5	9,383.4	1.108	1.019	1.121	1.039	1.347	1.145
2017Q2	2018Q1	23,323.7	11,255.3	2,784.5	14,039.8	3,134.8	9,284.0	1.113	1.024	1.133	1.046	1.349	1.146
2017Q3	2018Q2	23,101.6	11,122.2			2,929.2		1.105	1.017			1.350	

Model
1.017
1.020
1.020
1.020

Average 1.019

1.019



# WI Nursing Home Census and Case Mix History

Excludes state owned/operated facilities and non-Medicaid facilities; excludes DD, vent. and TBI residents

