

Tony Evers
Governor



DIVISION OF MEDICAID SERVICES

1 WEST WILSON STREET
PO BOX 309
MADISON WI 53701-0309

Andrea Palm
Secretary

State of Wisconsin
Department of Health Services

Telephone: 608-266-8922
Fax: 608-266-1096
TTY: 711

Agenda

Nursing Home Industry Meeting Wisconsin Medicaid Nursing Facility Payment Methods

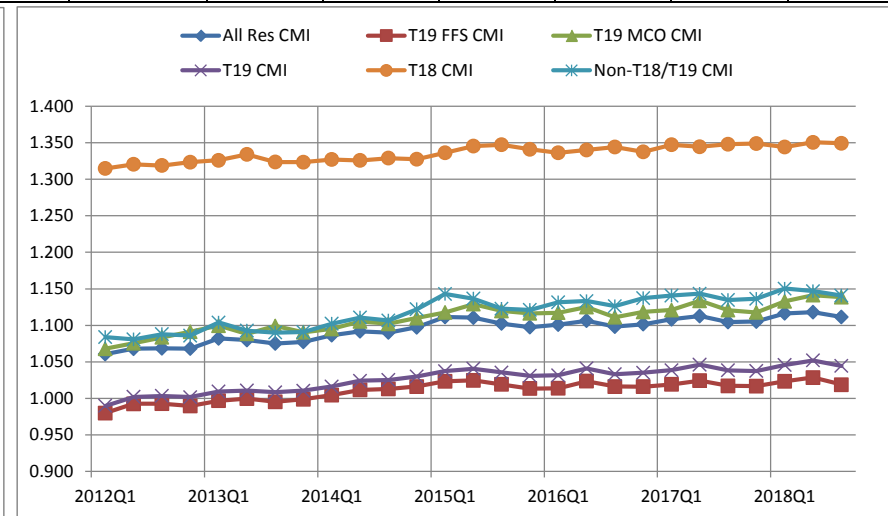
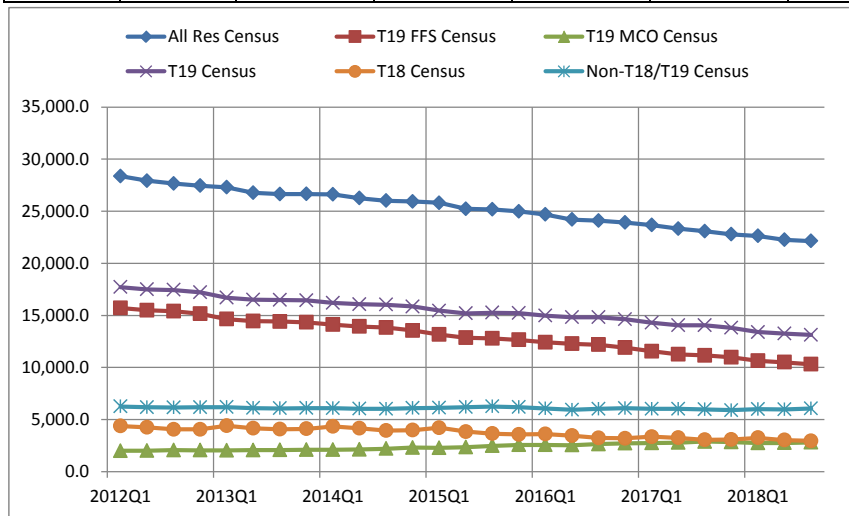
Tuesday, May 7, 2019
10 a.m.–Noon
Conference Room 751

1. Welcome and opening remarks – Rene Eastman
2. Medicare payment reform and impacts on Medicaid acuity – Jim Robinson
3. Policy updates – Rene Eastman
4. Proposed *Methods* changes – Rene Eastman
 - a. Expand the bariatric equipment incentive in Section 6.50 to include head and footboards as part of the cost of the bed.
 - b. Change behavior/cognitive impairment (Beh/CI) score calculations in Section 6.50 to not include the mobility add on of 1 unless there is preliminary score for other reasons.
 - c. Require home office cost reports for any ownership group with more than one facility in Wisconsin.
 - d. Require that depreciation schedules be submitted in Excel format.
 - e. Clarify order of interest expense adjustments in Section 4.53.
 - f. Change minimum amortization schedule calculation in Section 4.53(b) from “30 year period” to “the period of the longest lived asset acquired by the debt.”
5. Open discussion and call for suggestions
6. Preliminary rate modelling estimates – Jim Robinson
7. Next steps – Rene Eastman
Future public meetings: Monday, July 1, 2019, from 1–3 p.m.
Monday, September 9, 2019, from 10 a.m.–Noon

WI Nursing Home Census and Case Mix History - Medicaid FFS NH Ratesetting

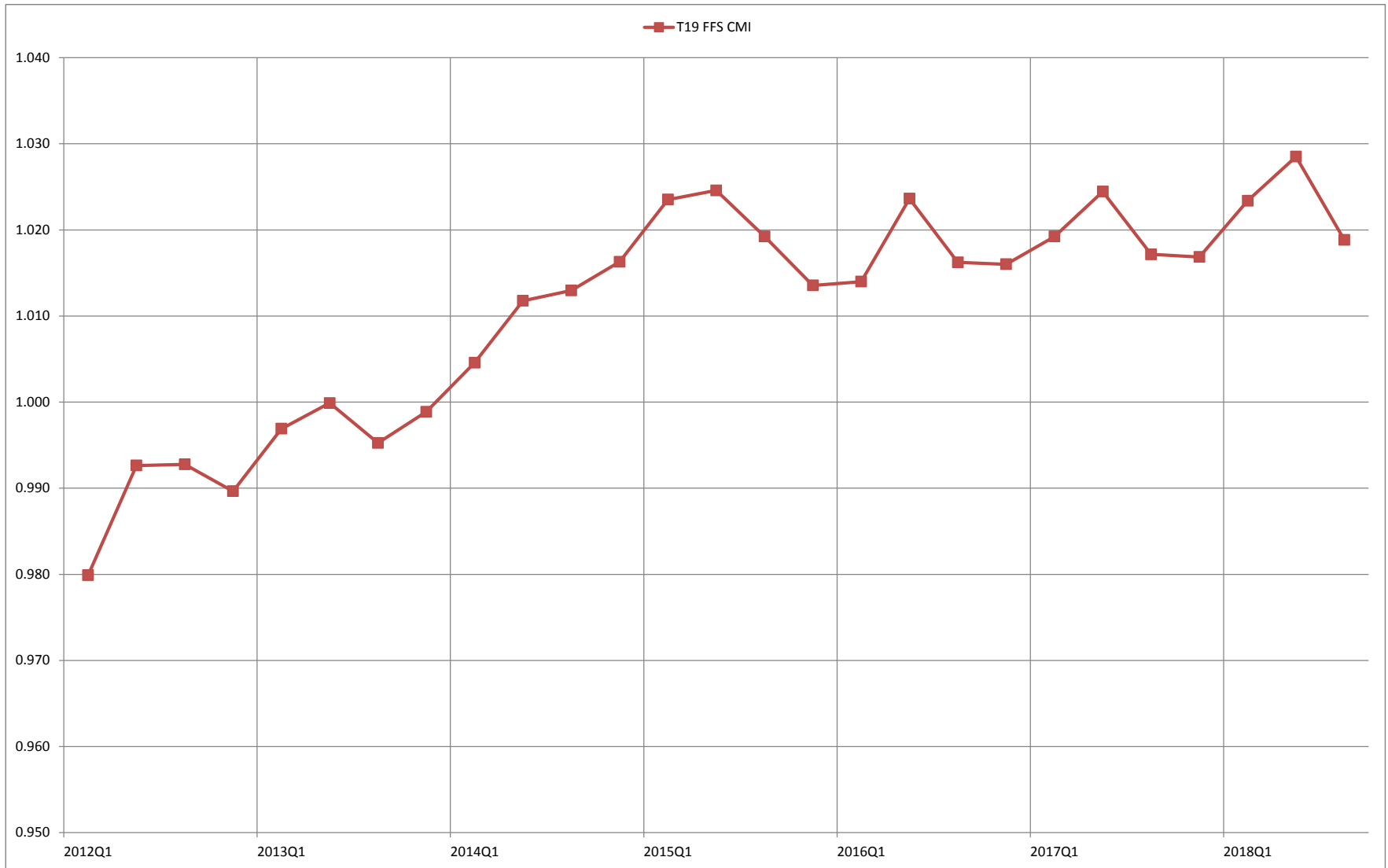
Excludes state owned/operated facilities and non-Medicaid facilities; excludes DD, vent. and TBI residents

| 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 |
|-----------------|--------------|----------------|----------------|----------------|------------|------------|--------------------|-------------|-------------|-------------|---------|---------|-----------------|
| 2012Q1 | 2012Q4 | 28,358.9 | 15,718.7 | 2,004.5 | 17,723.2 | 4,375.6 | 6,260.1 | 1.061 | 0.980 | 1.068 | 0.990 | 1.315 | 1.084 |
| 2012Q2 | 2013Q1 | 27,926.3 | 15,497.1 | 2,008.7 | 17,505.9 | 4,240.3 | 6,180.2 | 1.068 | 0.993 | 1.075 | 1.002 | 1.321 | 1.081 |
| 2012Q3 | 2013Q2 | 27,664.0 | 15,389.2 | 2,057.1 | 17,446.3 | 4,056.9 | 6,160.8 | 1.069 | 0.993 | 1.084 | 1.003 | 1.319 | 1.088 |
| 2012Q4 | 2013Q3 | 27,457.4 | 15,164.4 | 2,050.3 | 17,214.7 | 4,059.4 | 6,183.4 | 1.068 | 0.990 | 1.091 | 1.002 | 1.323 | 1.086 |
| 2013Q1 | 2013Q4 | 27,308.4 | 14,648.9 | 2,048.0 | 16,697.0 | 4,409.1 | 6,202.3 | 1.082 | 0.997 | 1.099 | 1.009 | 1.326 | 1.104 |
| 2013Q2 | 2014Q1 | 26,773.9 | 14,440.4 | 2,058.7 | 16,499.1 | 4,167.9 | 6,106.9 | 1.080 | 1.000 | 1.088 | 1.011 | 1.334 | 1.093 |
| 2013Q3 | 2014Q2 | 26,646.1 | 14,407.2 | 2,085.1 | 16,492.3 | 4,077.6 | 6,076.2 | 1.075 | 0.995 | 1.099 | 1.008 | 1.324 | 1.090 |
| 2013Q4 | 2014Q3 | 26,653.5 | 14,337.1 | 2,104.0 | 16,441.0 | 4,112.8 | 6,099.6 | 1.077 | 0.999 | 1.091 | 1.011 | 1.323 | 1.091 |
| 2014Q1 | 2014Q4 | 26,620.2 | 14,106.1 | 2,095.6 | 16,201.8 | 4,337.9 | 6,080.5 | 1.087 | 1.005 | 1.095 | 1.016 | 1.327 | 1.102 |
| 2014Q2 | 2015Q1 | 26,254.3 | 13,940.5 | 2,125.5 | 16,066.1 | 4,156.3 | 6,031.9 | 1.092 | 1.012 | 1.105 | 1.024 | 1.326 | 1.111 |
| 2014Q3 | 2015Q2 | 26,011.2 | 13,826.1 | 2,206.2 | 16,032.3 | 3,949.4 | 6,029.5 | 1.090 | 1.013 | 1.102 | 1.025 | 1.329 | 1.107 |
| 2014Q4 | 2015Q3 | 25,939.0 | 13,550.9 | 2,301.5 | 15,852.3 | 3,982.8 | 6,103.8 | 1.097 | 1.016 | 1.110 | 1.030 | 1.328 | 1.122 |
| 2015Q1 | 2015Q4 | 25,804.1 | 13,172.8 | 2,278.8 | 15,451.5 | 4,211.7 | 6,140.9 | 1.111 | 1.024 | 1.118 | 1.037 | 1.336 | 1.143 |
| 2015Q2 | 2016Q1 | 25,228.7 | 12,853.7 | 2,341.4 | 15,195.2 | 3,837.7 | 6,195.9 | 1.111 | 1.025 | 1.129 | 1.041 | 1.345 | 1.137 |
| 2015Q3 | 2016Q2 | 25,166.4 | 12,789.7 | 2,470.3 | 15,260.1 | 3,649.8 | 6,256.6 | 1.102 | 1.019 | 1.120 | 1.035 | 1.347 | 1.123 |
| 2015Q4 | 2016Q3 | 24,985.8 | 12,653.6 | 2,570.5 | 15,224.0 | 3,571.9 | 6,189.9 | 1.098 | 1.014 | 1.116 | 1.031 | 1.341 | 1.121 |
| 2016Q1 | 2016Q4 | 24,680.1 | 12,420.4 | 2,568.0 | 14,988.5 | 3,618.7 | 6,073.0 | 1.101 | 1.014 | 1.117 | 1.032 | 1.336 | 1.132 |
| 2016Q2 | 2017Q1 | 24,197.2 | 12,273.5 | 2,542.2 | 14,815.7 | 3,454.8 | 5,926.6 | 1.106 | 1.024 | 1.125 | 1.041 | 1.340 | 1.133 |
| 2016Q3 | 2017Q2 | 24,086.5 | 12,181.4 | 2,641.9 | 14,823.3 | 3,237.8 | 6,025.3 | 1.098 | 1.016 | 1.111 | 1.033 | 1.344 | 1.126 |
| 2016Q4 | 2017Q3 | 23,924.2 | 11,911.8 | 2,715.6 | 14,627.4 | 3,199.6 | 6,097.1 | 1.102 | 1.016 | 1.118 | 1.035 | 1.337 | 1.137 |
| 2017Q1 | 2017Q4 | 23,672.2 | 11,556.6 | 2,736.6 | 14,293.2 | 3,348.2 | 6,030.8 | 1.108 | 1.019 | 1.121 | 1.039 | 1.347 | 1.141 |
| 2017Q2 | 2018Q1 | 23,315.3 | 11,263.4 | 2,785.5 | 14,048.9 | 3,247.9 | 6,018.6 | 1.113 | 1.024 | 1.134 | 1.046 | 1.344 | 1.143 |
| 2017Q3 | 2018Q2 | 23,085.1 | 11,162.6 | 2,886.3 | 14,049.0 | 3,053.4 | 5,982.7 | 1.104 | 1.017 | 1.121 | 1.038 | 1.348 | 1.135 |
| 2017Q4 | 2018Q3 | 22,778.4 | 10,969.8 | 2,841.9 | 13,811.7 | 3,070.0 | 5,896.7 | 1.105 | 1.017 | 1.118 | 1.038 | 1.349 | 1.136 |
| 2018Q1 | 2018Q4 | 22,638.5 | 10,646.2 | 2,750.9 | 13,397.2 | 3,249.4 | 5,992.0 | 1.116 | 1.023 | 1.133 | 1.046 | 1.344 | 1.150 |
| 2018Q2 | 2019Q1 | 22,266.4 | 10,502.3 | 2,760.6 | 13,262.9 | 3,030.1 | 5,973.4 | 1.118 | 1.029 | 1.141 | 1.052 | 1.350 | 1.147 |
| 2018Q3 | 2019Q2 | 22,138.4 | 10,305.2 | 2,813.2 | 13,118.4 | 2,947.1 | 6,072.9 | 1.112 | 1.019 | 1.139 | 1.045 | 1.349 | 1.141 |



WI Nursing Home Census and Case Mix History

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



Medicare SNF PDPM Implications for the Wisconsin Medicaid Nursing Facility Payment System

Introduction: The Patient-Driven Payment Model (PDPM) becomes effective for the Medicare SNF Prospective Payment System on October 1, 2019. This new resident classification system replaces the 66-cell RUG-IV classification system currently used to determine Medicare SNF Part A daily rates.

RUG-IV uses two case-mix-adjusted components (nursing and rehab therapies), plus two non-case-mix-adjusted components (base and non-rehab therapies). PDPM will employ five case-mix-adjusted rate components (nursing, OT, PT, speech language pathology and non-therapy ancillaries), plus a sixth non-case-mix-adjusted component. In addition to the increased number of components, PDPM, unlike RUG-IV, will independently determine resident nursing and therapy case mix classifications and indices. See the Medicare SNF PPS Final Rule for FFY 2020, published in the Federal Register on August 8, 2018, for more details (<https://www.govinfo.gov/content/pkg/FR-2018-08-08/pdf/2018-16570.pdf>). Also, see the CMS PDPM website (<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/SNFPPS/PDPM.html>) for a number of useful supporting documents.

Implications for Medicaid Case Mix Systems: While Medicare's move to PDPM will include some additions and changes to MDS items and assessment types, these changes are largely limited to Medicare assessments and do not prevent RUG-IV classifications, such as the 48-cell version employed for WI Medicaid nursing facility ratesetting, from being applied to non-Medicare assessments through FFY 2020 (i.e., through September 30, 2020).

A CMS Informational Bulletin on Dec. 6, 2018 (<https://www.medicaid.gov/federal-policy-guidance/downloads/cib120618.pdf>) has indicated, however, that CMS "will be removing several MDS data elements over the next few years", referring to RUG-only items no longer needed for Federal purposes. For example, Section G might be dropped in favor of Section GG, since the latter replaces the former in the PDPM functional scoring metrics. If these MDS changes are implemented, RUG-IV classifications will no longer be possible and states will likely elect to adopt aspects of the PDPM classification system for use in setting Medicaid NF rates.

During FFY 2020, CMS will allow states to require an additional Medicare assessment form, the Optional State Assessment (OSA), to replace the Medicare assessments being discontinued under PDPM (i.e., the 14-day, 30-day, 60-day, 90-day and start/end/change-in-therapy Medicare assessments). Presumably, these would only be used to avoid changes in all-resident case mix values or Medicaid-resident case mix values where a prior Medicare assessment is the most recent assessment available. After FFY 2020, the OSA assessment may no longer be supported.

Options/Opportunities for WI Medicaid: For SFY 2020, no changes need to be made to the RUG-IV 48-cell classification system used to set Medicaid FFS daily rates, since all of the case mix calculations for the SFY 2020 WI Medicaid rate year relate to picture quarters prior to October 1,

2019. Depending on what changes are made to the MDS on October 1, 2020, a change may be needed in SFY 2021 (if, for example, CMS replaces Section G with Section GG).

To assess the impact of adopting PDPM for SFY 2021, we would like to add PDPM case mix information to the SFY 2020 quarterly case mix rosters. The file "Sample SFY 2020 Case Mix Roster with PDPM CMIs.xlsx" provides an example of the proposed roster layout.

Unfortunately, we will not be able to apply the PDPM classification logic to Medicaid assessments without some estimation. The PDPM nursing case mix categories require Section GG values, which are only coded for Medicare assessments. Presumably, if CMS ever replaces Section G with Section GG, they will require all assessment types to use Section GG, but this is currently not the case. For SFY 2020 PDPM calculations, we could construct an empirical crosswalk from Section G-based RUG-IV functional scores to Section GG-based PDPM functional scores, to fill the gap. The crosswalk would be calibrated using Medicare resident assessments, where both RUG-IV and PDPM functional scores can be applied (since both Section G and Section GG are completed). With this, an approximate PDPM nursing classification and case mix index could be derived, displayed on the case mix rosters and compared to the RUG-IV values used to set rates in SFY 2020.

If PDPM is adopted after SFY 2020, there are several interesting opportunities to be considered:

- Should WI simply replace the current RUG-IV 48-cell classification system with the PDPM nursing case mix system and ignore the other PDPM components? For example, the non-therapy ancillary (NTA) component of PDPM might be considered for use in case mix adjusting the Other Direct Care rate allowance, rather than using the nursing case mix component (which would be used for the Nursing Direct Care allowance).
- Could the use of PDPM affect the need for the Beh/CI access and improvement rate incentives?
- Could the use of PDPM affect the need for the ventilator rate add-on?

Other Implications of PDPM: In addition to its impact on WI Medicaid FFS nursing facility rate calculations, PDPM will have less direct effects due to its impact on the upper limit test applied to projected expenditures from proposed Medicaid rates each year. The upper limit calculates the hypothetical payment that might be paid if Medicare provided Medicaid services to Medicaid nursing facility residents. A federal match on Medicaid rate payments is only available up to this upper limit. The adoption of PDPM on 10/1/2019 will affect this calculation for the proposed SFY 2020 Medicaid rates. In addition, state/tribal-owned facilities receive rates equal to this upper limit. Finally, the supplemental payments to local-government facilities are limited to the upper limit, along with any federal match on deficits incurred by these facilities in providing care to Medicaid residents. These effects will take place in SFY 2020, even if PDPM has no immediate impact on the WI Medicaid rate formula.

| Summary Resident Roster as of the November 2019 Extract for the 2019 Q2 Picture Quarter, 1/1/2020 Rates | | | | | | Total | T19 FFS | T19 FFS | T19 FFS | Beh/CI | Beh/CI | All Res. | All Res. | All Res. | The BEH/CI scores for the SFY2020 rates come from the 2018Q4 roster. See Methods of Implementation for detailed information on the BEH/CI Incentives. | | | | | | | | | | | |
|---|-----------|----|------------|-----------|------------|-----------|----------------------------------|-----------|----------|-------------|--------------------|----------------------|------------------------|--------------------------------|---|-----------------------|------------------------|--------------------------------|-----------------|--------------------|---------------------|-----------------------------|--------------------------------|-------------------------------------|-----------------|--------|
| | | | | | | Resident | Non-DD | Non-DD | Non-DD | T19 Non-DD | T19 Non-DD | Non-DD | Non-DD | Non-DD | | | | | | | | | | | | |
| | | | | | | Patient | Patient | Average | Average | Access | Improvement | Patient | Average | Average | | | | | | | | | | | | |
| | | | | | | Days | Days | RUGs CMI | PDPM CMI | Score | Score | Days | RUGs CMI | PDPM CMI | | | | | | | | | | | | |
| | | | | | | 5,866 | 2,390 | 0.961 | ### | 0.373 | 0.381 | 5,866 | 1.137 | ### | | | | | | | | | | | | |
| Note: Vent days are excluded in column data and facility averages and totals unless otherwise specified (see "Roster Fields" tab for detailed information). | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Pop ID | Last Name | MI | First Name | Univid | First Date | LastDate | Total Days (Including Vent Days) | Vent Days | TBI Days | T19 DD Days | AllRes non-DD Days | AllRes non-DD NADays | AllRes non-DD RUGs CMI | AllRes non-DD PDPM Nursing CMI | NonT19 non-DD Days | NonT19 non-DD NA Days | NonT19 non-DD RUGs CMI | NonT19 non-DD PDPM Nursing CMI | T19 non-DD Days | T19 non-DD NA Days | T19 non-DD RUGs CMI | T19 non-DD PDPM Nursing CMI | BEH/CI T19 non-DD Access Score | BEH/CI T19 non-DD Improvement Score | Picture Quarter | |
| 100 | | | | 100000076 | 4/1/2019 | 6/30/2019 | 91 | - | - | - | 91 | - | 1.250 | ### | 91 | - | 1.250 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000077 | 4/1/2019 | 6/30/2019 | 91 | - | - | - | 91 | - | 0.850 | ### | 91 | - | 0.850 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000078 | 4/12/2019 | 6/30/2019 | 61 | - | - | - | 61 | - | 1.172 | ### | 61 | - | 1.172 | ### | - | - | - | - | ### | 0.000 | 0.000 | 2019Q2 |
| 100 | | | | 100000079 | 5/9/2019 | 5/17/2019 | 9 | - | - | - | 9 | 9 | | ### | 9 | 9 | | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000080 | 5/31/2019 | 6/7/2019 | 8 | - | - | - | 8 | 8 | | ### | 8 | 8 | | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000081 | 4/1/2019 | 4/16/2019 | 16 | - | - | - | 16 | - | 0.450 | ### | 16 | - | 0.450 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000082 | 5/11/2019 | 6/30/2019 | 51 | - | - | - | 51 | - | 1.580 | ### | 51 | - | 1.580 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000083 | 4/1/2019 | 6/30/2019 | 91 | - | - | - | 91 | - | 1.327 | ### | 91 | - | 1.327 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000084 | 6/17/2019 | 6/30/2019 | 14 | - | - | - | 14 | - | 1.360 | ### | 14 | - | 1.360 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000085 | 6/16/2019 | 6/30/2019 | 15 | - | - | - | 15 | - | 1.580 | ### | 15 | - | 1.580 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000086 | 4/1/2019 | 6/30/2019 | 91 | - | - | - | 91 | - | 1.580 | ### | 91 | - | 1.580 | ### | - | - | - | - | ### | 0.000 | 0.000 | 2019Q2 |
| 100 | | | | 100000087 | 5/30/2019 | 6/14/2019 | 16 | - | - | - | 16 | - | 1.360 | ### | 16 | - | 1.360 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000088 | 4/1/2019 | 6/30/2019 | 91 | - | - | - | 91 | - | 1.304 | ### | - | - | | ### | 91 | - | - | 1.304 | ### | 2.900 | 4.725 | 2019Q2 |
| 100 | | | | 100000089 | 4/1/2019 | 6/30/2019 | 91 | - | - | - | 91 | - | 1.060 | ### | 91 | - | 1.060 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000090 | 4/1/2019 | 6/30/2019 | 91 | - | - | - | 91 | - | 0.920 | ### | 91 | - | 0.920 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000091 | 4/1/2019 | 6/30/2019 | 91 | - | - | - | 91 | - | 0.610 | ### | - | - | | ### | 91 | - | - | 0.610 | ### | 0.000 | 0.000 | 2019Q2 |
| 100 | | | | 100000092 | 5/2/2019 | 6/15/2019 | 20 | - | - | - | 20 | - | 1.100 | ### | 20 | - | 1.100 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000093 | 4/1/2019 | 6/10/2019 | 54 | - | - | - | 54 | - | 1.495 | ### | 54 | - | 1.495 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000094 | 4/1/2019 | 6/30/2019 | 91 | - | - | - | 91 | - | 1.169 | ### | 91 | - | 1.169 | ### | - | - | - | - | ### | 0.400 | 5.100 | 2019Q2 |
| 100 | | | | 100000095 | 4/1/2019 | 4/13/2019 | 13 | - | - | - | 13 | - | 1.360 | ### | 13 | - | 1.360 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000096 | 5/25/2019 | 6/30/2019 | 36 | - | - | - | 36 | - | 1.353 | ### | 36 | - | 1.353 | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000097 | 4/1/2019 | 6/30/2019 | 91 | - | - | - | 91 | - | 0.850 | ### | - | - | | ### | 91 | - | - | 0.850 | ### | 0.000 | 0.000 | 2019Q2 |
| 100 | | | | 100000098 | 6/27/2019 | 6/30/2019 | 4 | - | - | - | 4 | 4 | | ### | 4 | 4 | | ### | - | - | - | - | ### | | | 2019Q2 |
| 100 | | | | 100000099 | 5/8/2019 | 6/14/2019 | 38 | - | - | - | 38 | 1 | 1.150 | ### | 6 | - | 1.150 | ### | 32 | - | 1 | 1.150 | ### | | | 2019Q2 |