

Medical Assistance Program Oversight Council (MAPOC)

**Nursing Facility Payment
Modernization Overview**

January 10, 2020



NURSING FACILITY PAYMENT MODERNIZATION

Initiative Objectives

To reflect the Department's overall interest and work in modernizing rates.

To further the Department's long-standing long term services and supports (LTSS) rebalancing agenda, which utilizes diverse strategies to ensure that Medicaid members have meaningful choice in the means and setting in which they receive LTSS.

To establish a framework to align with value-based payment in the future.

To develop a reimbursement methodology that supports budget neutrality.

NURSING FACILITY PAYMENT MODERNIZATION

Guiding Principles

Align reimbursement with the anticipated resource needs of each provider based on the acuity of their specific residents.

Provide incentive for nursing homes to admit and provide care to persons in need of comparatively greater care.

Implement periodic adjustments to reimbursement rates to account for changes in the acuity mix of each provider's residents.

Encourage sufficient provider spending on direct care resources.

PROJECT PHASES

Three Phase Implementation

Phase 1:

- RUG-IV Based Case Mix Transition
- Value-Based Purchasing (VBP) Quality Measures (QMs)

Phase 2:

- Minimum Data Set (MDS) Verification Review Program. MDS is the federally mandated process for clinical assessment of all residents in Medicare and Medicaid certified nursing homes.
- Evaluation of the Capital and Fair Rental Value Components
- VBP Evaluation and Enhancements

Phase 3:

- Transition to Patient Driven Payment Model (PDPM)
- Capital and FRV Component Modernization
- VBP Evaluation and Enhancements

CURRENT RATE SYSTEM

Reimbursement Methodology

Cost-Based Reimbursement System

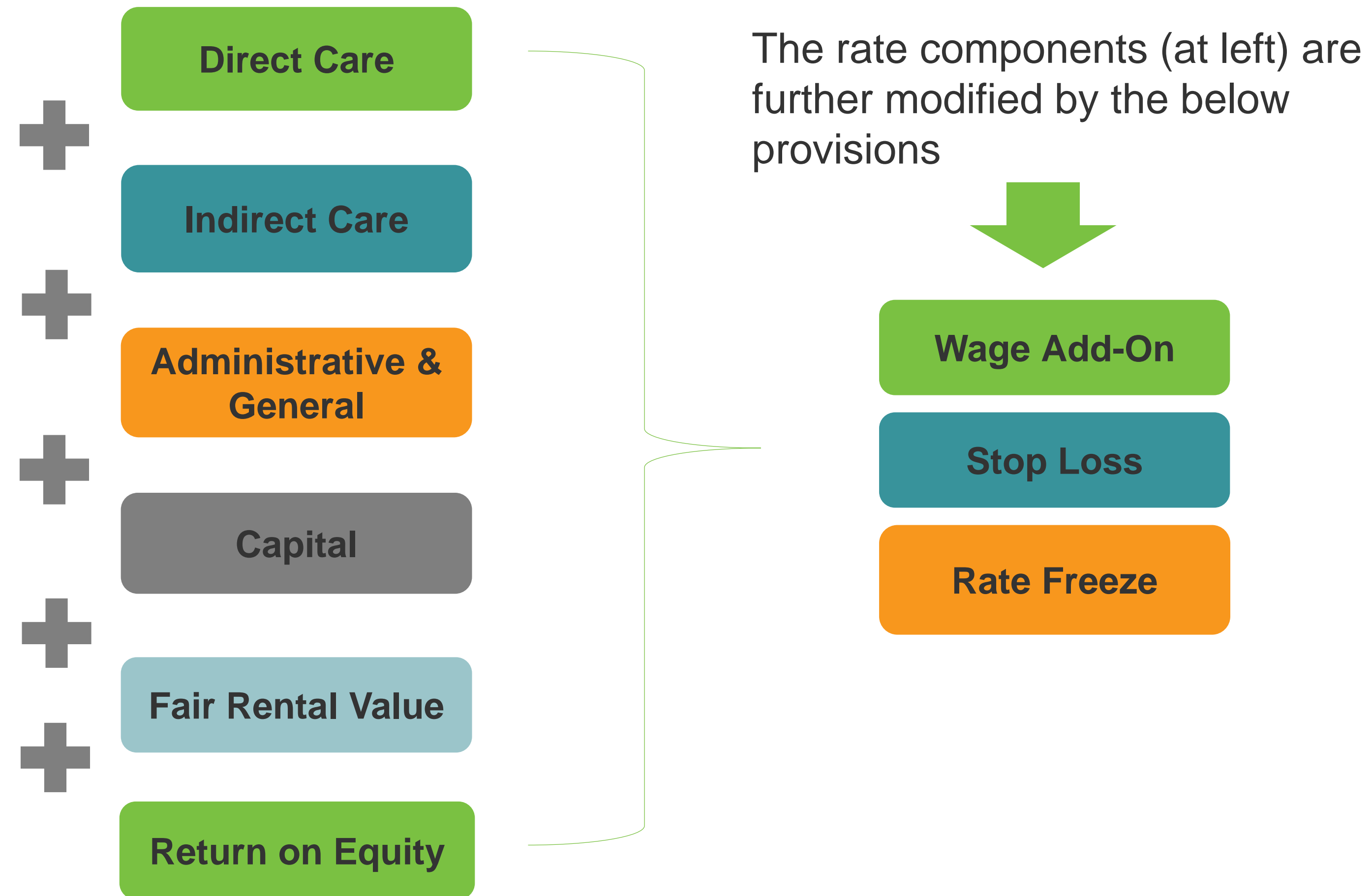
- Allowable total cost / resident days
- Per diem cost does not vary by payer source
- Per diem is subject to a ceiling/limit

Other Provisions:

- Portions of the rate have been frozen over time
- Stop loss provisions
- Wage add-on

CURRENT RATE METHODOLOGY

Rate Calculation



CASE MIX SYSTEM

Reimbursement Methodology

What is Case Mix?

- “Case” refers to residents.
- “Mix” reference to the differences within those residents.
- “Case Mix” is the overall differences within a group of residents and compares individual cases relative to one another within the mix. It is a means to identify acuity differences among residents within a population.

What is Case Mix Index?

- Case Mix Index (CMI) is a weight or numerical acuity score that reflects the relative predicted resources necessary to provide care to a resident.
- The higher the case mix index weight, the greater the resource requirements for the resident (i.e. a more acute resident).
- For example, residents falling into a RUG category with a CMI of 2.00 take twice the nursing resources as a resident assessed in a RUG category with a CMI of 1.00.

CASE MIX SYSTEM

Reimbursement Methodology

Where does information to calculate Case Mix Index come from?

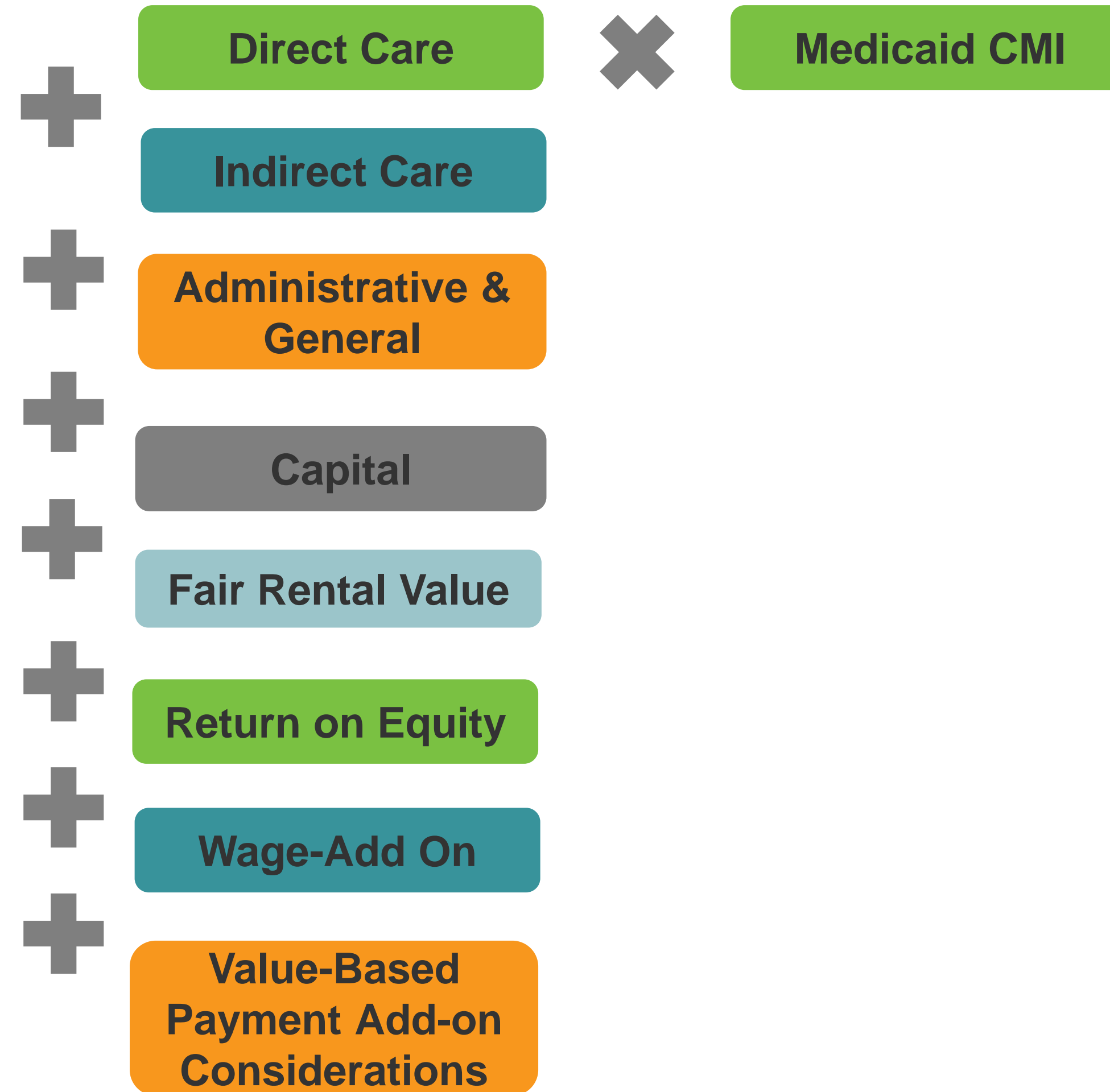
- All Medicare and/or Medicaid certified facilities must complete periodic status and care planning assessments of each resident within their facility (regardless of payer).
- The MDS resident assessment instrument is utilized for these periodic assessments.
- The completed MDS assessments are utilized to calculate the Case Mix Index.

Why Case Mix?

- Case Mix can be used as a method for allocating cost to residents based on each resident's nursing care needs.
- Reimbursement based on Medicaid resident allowable cost.
- Periodically adjusts reimbursement based on the Medicaid resident mix of each specific facility.
- Encourages nursing facilities to accept high need residents.
- Aligns with rebalancing efforts by incentivizing care for high need residents and creating less incentive for accepting low need residents in the nursing facility setting.

CASE MIX METHODOLOGY

Rate Calculation



RATE METHODOLOGY COMPARISON

Methodology Incentives Matrix

Methodology Incentives	Current System	Case Mix System
1. Cost-Based Reimbursement System	X	X
2. Per Day Calculations Based on Cost for Medicaid Residents Only		X
3. Periodic Rate Adjustments to Update for Changes in Medicaid Resident Mix		X
4. Encourages Access for High Needs Residents		X
5. Aligns with State Rebalancing Efforts		X

OTHER PAYMENT CONSIDERATIONS

Phase-in Considerations:

- Consideration will be given to an approach that would phase-in the new payment rates.
- The phase-in options to be considered will be assessed during the modeling process.

Other Considerations

- Evaluation of rate-setting methodology for special populations.
- Incorporating Value-Based Purchasing (VBP) concepts into reimbursement.
- Development of a reimbursement methodology that supports budget neutrality.

PROVIDER LEARNING

Available Resources

Stakeholder Meetings

Updates prior to implementation will be provided.

Live Training and Webinars

A combination of in-person training, live and recorded webinars will be utilized to educate providers on the transition to a case mix reimbursement system.

Case Mix Index Report User Guide

A CMI report user guide will be developed to provide guidance on regulatory requirements, report elements, report details, and resources available for assistance.

PROVIDER LEARNING

Available Resources Continued

Web Portal

Preliminary and final resident rosters will be posted to a web portal hosted by Myers and Stauffer. IP addresses will be collected from users identified for each facility so providers can access their rosters once posted. This process helps to securely transmit protected health information.

Myers and Stauffer Help Desk and Staff Assistance

Myers and Stauffer maintains a help desk to assist with case mix rosters, and also has staff available during business hours to answer rate-setting questions as needed.

DSS Website Dedicated to Nursing Home Reimbursement

The DSS website will be utilized to post updated information, resource documents, training documents, presentations, and other pertinent provider communications. The website can be found using the following link:

<https://portal.ct.gov/DSS/Health-And-Home-Care/Medicaid-Nursing-Home-Reimbursement/Nursing-Home-Reimbursement-Modernization-to-Acuity-Based-Methodology>