



Regulation of Nursing and Assisted Living Beds

Legislative Interim Study

August 23, 2016

Payment Methodology

Nursing Facility

Annual Expenditures: \$136.2 million

Annual Number Served: 3,252

Number of Providers: 110

Nine facilities designated as Medicaid Access Critical (SDCL 34-12-35.5)

- | | |
|---------------|---------------|
| - Philip | - Britton |
| - Lemmon | - Miller |
| - Chamberlain | - Hot Springs |
| - Martin | - Eureka |
| | - White River |

- Medicaid pays for approximately 55% of nursing facility residents in South Dakota
- SFY 2016 Average facility rate \$132.33

Payment Methodology

Nursing Facility

- South Dakota's reimbursement method pays a daily rate unique to each resident. Rates for residents with special or heavy care needs are higher while those with less needs are lower. This methodology is referred to as a "case mix methodology".
- The majority of states (38) utilize this type of methodology.
- A resident's care needs are identified through an assessment called the Minimum Data Set (MDS). The MDS is used to collect data regarding the individual's functional capacity including basic self care activities such as health, bathing, dressing, toileting, eating, and transferring. The assessments are completed by the nursing home staff and monitored by state staff.
- Each level of care from the MDS is assigned a Case Mix Weight.

Payment Methodology

Nursing Facility

- Case mix scores range anywhere from .59 for an individual with lower care needs to 2.67 for a resident that requires extensive care.
 - Statewide average case mix: 1.17
- In addition to the individual resident assessment, a cost report is submitted annually by the facility and subject to review annually. The cost report also includes the number of residents served during the year.
- Nursing facilities utilize a range of timeframes for cost reporting with fiscal year ends ranging from December 31 to March 31. This impacts the lag time between submission of the data and use for rate setting.

Payment Methodology

Nursing Facility

- “Ceilings” or limitations are applied to allowable costs based on a comparison of costs in each category among all facilities.
 - Administration
 - Direct Care
 - Non Direct Care
 - Capital
 - Occupancy
 - Overall
- Ceilings are applied to all allowable costs.
- A minimum occupancy level based on licensed beds is imputed for providers when actual occupancy falls below the statewide average. Incentive for providers to align licensed bed capacity closely to actual occupancy.
- A facility specific direct care and non direct care rate are established.

Payment Methodology

Nursing Facility

- When facilities are reimbursed for services, the direct care component of the rate is multiplied by the resident's case mix score resulting in an individualized rate for each resident based on their specific care needs.

The total rate is calculated by:

Facility Direct Care Rate X Resident Case Mix + Facility Non Direct Care Rate = Total Rate per day

Payment Methodology

Nursing Facility

Example 1: Higher care needs

Sally's care requirements put her in the Extensive Category for reimbursement. Sally needs the assistance of 2 staff for multiple assistive daily living categories (bathing, dressing, assistance with feeding) along with a diagnosis of Multiple Sclerosis, IV Medication, and oxygen therapy.

Before Case Mix Adjustment:

Direct Care Rate \$54.78

Non Direct Care Rate \$77.44

Total Rate \$132.22

Case Mix Weight 2.67

After Case Mix Adjustment:

$\$54.78 * 2.67 = \$146.26 + \$77.44 = \text{Total Daily Rate } \223.70

Payment Methodology

Nursing Facility

Example 2: Lower care needs

Sue requires minimal assistance with assistive daily living activities, has mild cognitive decline and requires restorative therapy 3 days per week.

Before Case Mix Adjustment

Direct Care Rate \$54.78

Non Direct Care Rate \$77.44

Total Rate \$132.22

Case Mix Weight .59

After Case Mix Adjustment

$\$54.78 * .59 = \$32.32 + \$77.44 = \text{Total Daily Rate } \109.76

Payment Methodology

Nursing Facility

Specialized Services:

The Department may allow an add-one payment for the in-state care of recipients needing specialized services.

- Payment compensates providers for total cost of care
- Requires prior-authorization
- Individual requiring extraordinary care must be a SD Medicaid recipient who meets nursing facility level of care

Specialized services include:

- Chronic ventilator dependent individuals
- Chronic wound care recipients
- Behaviorally challenging individuals
- Traumatic brain or spinal cord injured individuals
- Individuals requiring total parenteral nutrition therapy
- Individuals with multiple chronic complex medical conditions requiring specialized equipment and/or increased staff resources

Payment Methodology

Nursing Facility

Any nursing facility can request an add-on payment to serve individuals with specialized needs

Four dedicated units:

- Challenging Behaviors
 - Sunshine Terrace in Irene
 - Good Samaritan Society in Canistota
- Traumatic Brain Injury
 - Sunrise Villa in Irene
- Ventilator Dependency
 - Prince of Peace in Sioux Falls

85 individuals with specialized needs were served during the month of July 2016:

- 37 = Challenging Behaviors
- 22 = Traumatic Brain Injury / Spinal Cord Injury
- 13 = Multiple Chronic Complex Medical Conditions
- 4 = Ventilator Dependency
- 9 = Wound Vac / Specialty Bed

ADULT SERVICES AND AGING

CONTINUUM OF LONG TERM SERVICES AND SUPPORTS

HOME AND COMMUNITY

INSTITUTION

CONGREGATE MEALS
HOME DELIVERED MEALS
TRANSPORTATION

CAREGIVER/RESPITE
HOMEMAKER SERVICES
ADULT COMPANION

ASSISTED LIVING

PASRR

PREVENTIVE HEALTH
PRESCRIPTION ASSISTANCE
INTAKE
INFORMATION AND REFERRAL
OPTIONS PLANNING
CASE MANAGEMENT
HEALTH INSURANCE COUNSELING (SHIINE)

PERSONAL CARE
IN-HOME NURSING
EMERGENCY RESPONSE
SPECIALIZED MEDICAL EQUIPMENT
SPECIALIZED MEDICAL SUPPLIES

MEDICATION MANAGEMENT
ASSISTIVE DEVICES
HOME MODIFICATIONS
ADULT DAY SERVICES

ADULT FOSTER CARE
HOSPICE

OMBUDSMAN

PROTECTIVE SERVICES
LEGAL SERVICES

NURSING
FACILITY

INDEPENDENCE

DEPENDENCE

ASA Home and Community-Based Services Waiver

The Medicaid Home and Community-Based Services (HCBS) waiver program is authorized in §1915(c) of the Social Security Act.

- Permits a State to furnish an array of home and community-based services that assist Medicaid beneficiaries to live in the community and avoid institutionalization.
- The State has broad discretion to design its waiver program to address the needs of the waiver's target population.
- Waiver services complement and/or supplement the services that are available to participants through the Medicaid State Plan and other federal, state and local public programs as well as the supports that families and communities provide.

ASA Home and Community-Based Services Waiver

Eligibility requirements:

- Age 65 or older or over the age of 18 with a qualifying disability;
- Receiving Supplemental Security Income or has an income level within 300% of the Supplemental Security Income standard benefit amount and meets the eligibility criteria established by the Division of Economic Assistance;
- Meets nursing facility level of care as determined by the Medical Review Team; and
- Consumers can reside at home, in a rental, or in an assisted living center while receiving waiver services.

ASA Home and Community-Based Services Waiver

- FY 2017 Assisted Living Waiver Rate for all providers: \$40.50 per day
- The Waiver does not cover room and board – covered by the waiver recipient.
- 1,122 = FY 2015 Number of Unduplicated Waiver Consumers Served in Assisted Living
- 612 = FY 2015 Number of Unduplicated Waiver Consumers Served In-Home
- Waiver services offered are based on assessed need
- Providers may hire relative/legal guardian to provide services
- Consumer has the right to accept, or to refuse all or part of the services contained in the Care Plan

ASA Home and Community-Based Services Waiver

Waiver services include:

- Adult Day Services
- Homemaker
- Personal Care
- Respite Care
- Specialized Medical Equipment
- Specialized Medical Supplies
- Adult Companion Services
- Assisted Living
- Environmental Accessibility Adaptations
- In-Home Nursing Services
- Meals and Nutritional Supplements
- Personal Emergency Response Systems

ASA Home and Community-Based Services Waiver

Waiver renewal application was submitted July 1, 2016 with an anticipated effective date October 1, 2016 through September 30, 2021

Proposed changes include:

- Addition of chore services
- Expansion of medical equipment definition to include assistive technology
- Maintenance needs allowance for in-home consumers proposed to increase from SSI plus \$300, to 300% of SSI
- Earned income allowance for consumers residing in an assisted living center will be \$75 in addition to a \$60 maintenance needs allowance.

CMS approval is required before these changes can go into effect

ASA Home and Community-Based Services Waiver

Provider Qualifications:

- All willing and qualified providers can enroll as waiver service providers
- Providers must complete an online enrollment application to apply through the Division of Medical Services
- Providers must sign a standard South Dakota Medicaid Provider Agreement and pass mandatory provider enrollment screening and credentialing criteria
- Licensed providers must provide verification of current, valid licensure
- Providers must sign a Supplemental Agreement and complete a HCBS Settings Self-Assessment
- In addition to the standard Medicaid requirements, providers must be compliant with the Home and Community-Based Settings Final Rule.
- Information about enrolling as a Medicaid provider can be accessed at <https://dss.sd.gov/sdmedx/includes/providers/becomeprovider/>

Advantages of the Moratorium

- 2007 & 2015 Long Term Care Studies show adequate capacity of nursing home beds
- Mechanism is already in place through an RFP process to move beds to areas of need
- Focus on home and community-based services ensures individuals can remain at home when possible
- Moratorium acts as a cost control measure
- Allows safety net for geographical access in rural parts of state

The Department of Social Services supports the Moratorium for the above reasons.



THANK YOU!