Meeting Logistics

- This meeting is being recorded

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MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

Agenda

- Introductions
  - Department of Health and Social Services (DHSS)
  - Myers and Stauffer

- Project Background

- Overview of Project

- Defining Case Mix and How to Apply to Medicaid Reimbursement

- Q&A/Discussion

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

MEET THE PRESENTERS

DHSS

Marcey Bish, Executive Director

Myers and Stauffer

Krista Stephani, Senior Manager

Daniel Brendel, Senior Manager

Renae Blunt, Senior Manager

Project Background

- Move from a cost-based per diem payment system to an equitable and sustainable case mix reimbursement payment system that:

  - Promotes Quality
  - Is Patient Centered
  - Is Fair to Providers
  - Is Fiscally Responsible

  - Ensures access to care for Alaskans who may require additional resources

Project Plan and Timeline

- Project Start: February 2020
- Modeling impact of case mix methodology: Fall 2020
- Rule and SPA changes: Fall 2020-Early 2021
- Provider Training: Early 2021
- Estimated Project End: Early 2021

- Targeted Implementation Date: July 1, 2021

- Stakeholders will be asked to participate throughout the project

Progress to Date

- Evaluation of Existing Nursing Facility Reimbursement System & Related Regulatory Support

- Conducted Research of Other State Case Mix Reimbursement Methodologies

- Received Cost Report and Minimum Data Set (MDS) Information from DHSS for Rate Modeling Process

- Conducted Training on Case Mix Methodology for DHSS Staff

- Initiated Stakeholder Communications

What is Case Mix?

What is Case Mix?

- "Case" refers to residents

- "Mix" refers to resident differences

- "Case Mix" describes differences in residents within a population (nursing facility)

- A "Case Mix Reimbursement System" is simply any system that utilizes patient case mix indices (CMI) or acuity during the rate setting process

What is Case Mix Index (CMI)?

- "Case Mix Index" is the average numerical value of the resident acuity in a nursing facility based on the applicable resource utilization group weights

- The higher the CMI, the greater the resource requirements and associated reimbursement for the resident

- For example, a resident with a CMI of 2.0 takes twice the nursing resources as a resident assessed with a case mix index of 1.0

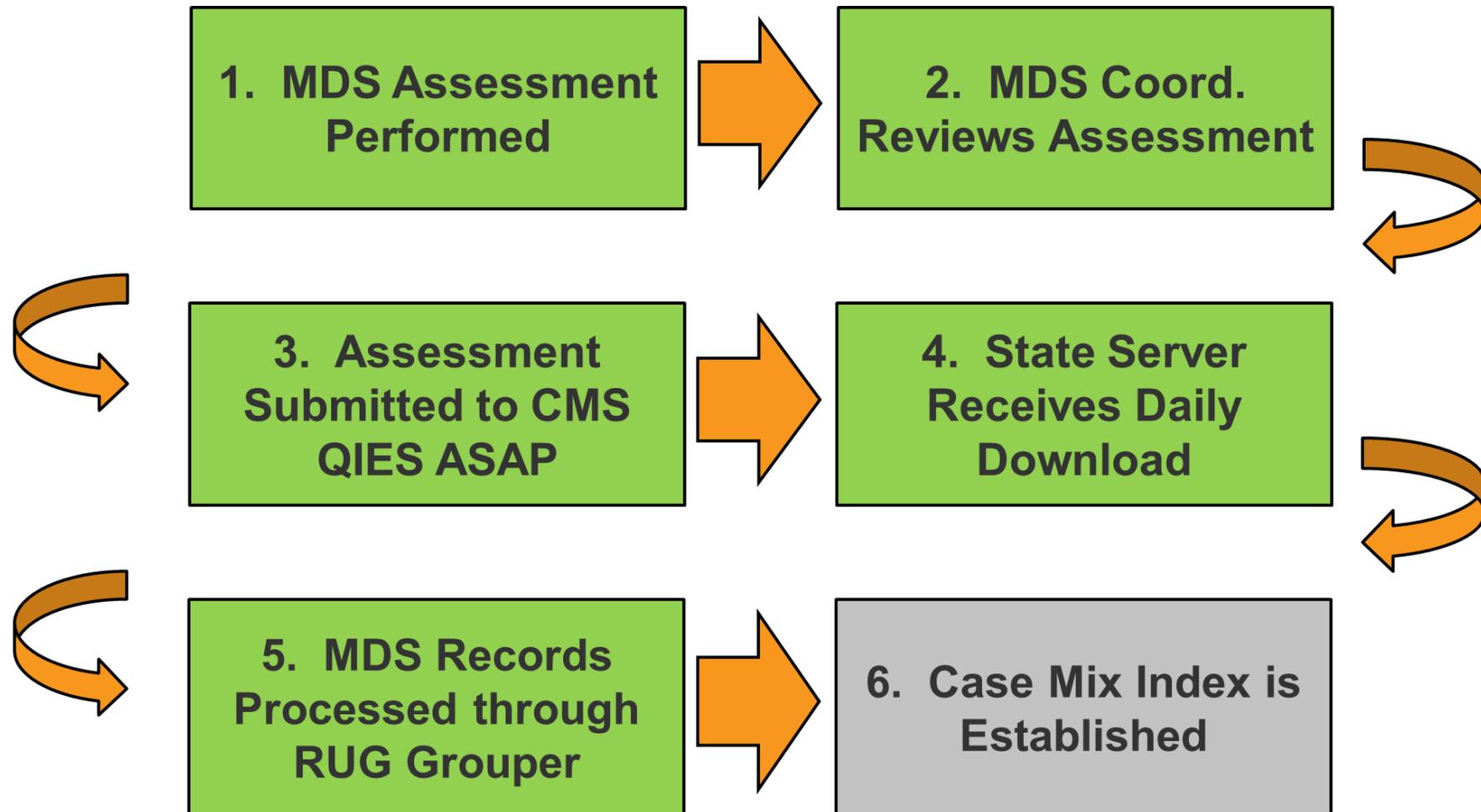- In the case mix reimbursement methodology the CMI is utilized to adjust reimbursement rates

How is CMI Calculated?

- 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 Minimum Data Set resident assessment instrument is utilized for these periodic assessments

- The completed MDS assessments are processed through a resident classification system to calculate the Case Mix Index
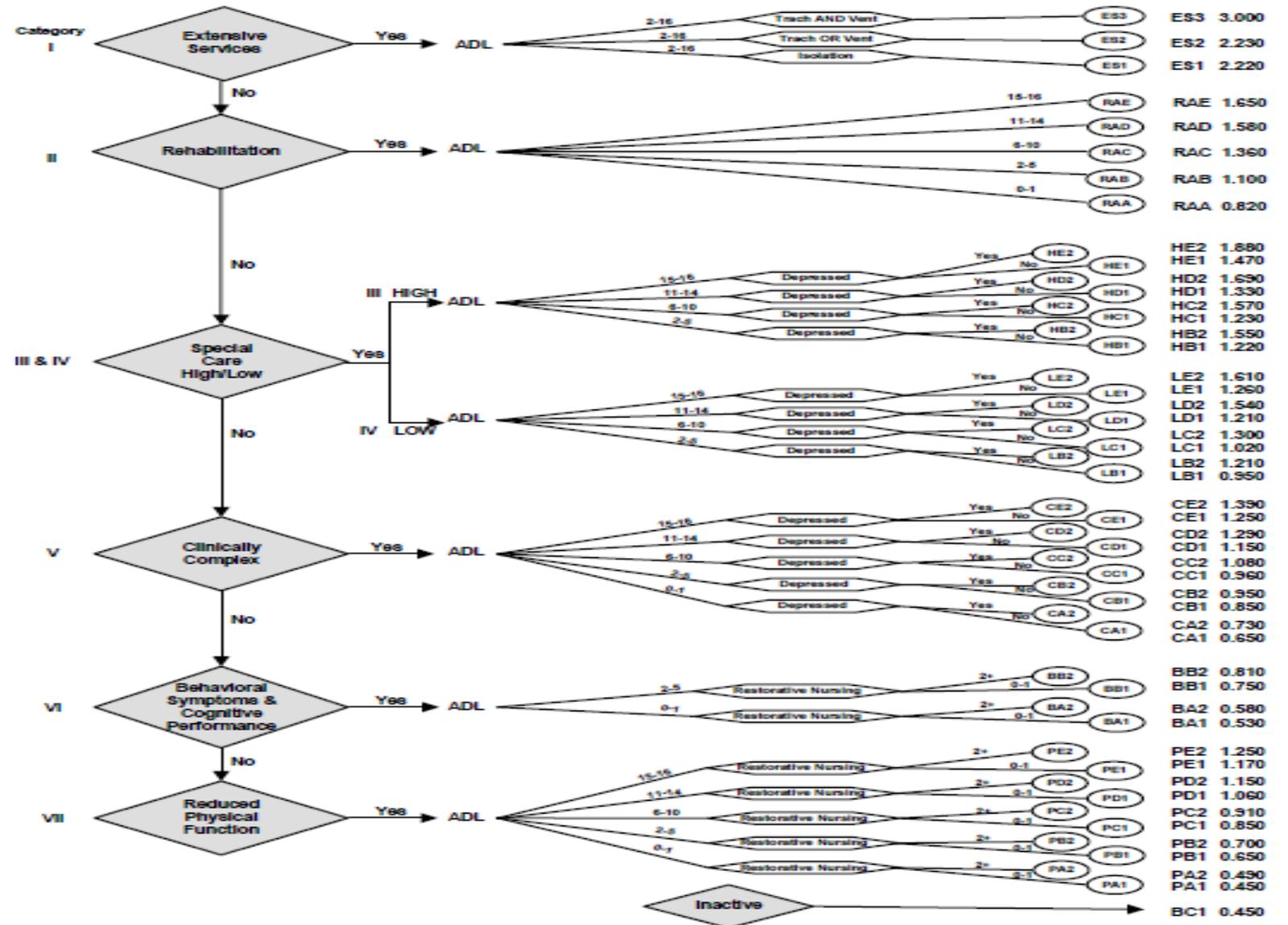
How is CMI Calculated?

- Alaska is currently evaluating implementing a case mix reimbursement methodology based on the RUG classification system

- Resource Utilization Group (RUG) – Resident classification system based on resident functionality and intensity of service needs

How is CMI Calculated?

1. MDS Assessment Performed →
2. MDS Coord. Reviews Assessment →
3. Assessment Submitted to CMS QIES ASAP →
4. State Server Receives Daily Download →
5. MDS Records Processed through RUG Grouper →
6. Case Mix Index is Established

RUG IV-48- Group Hierarchical Classification
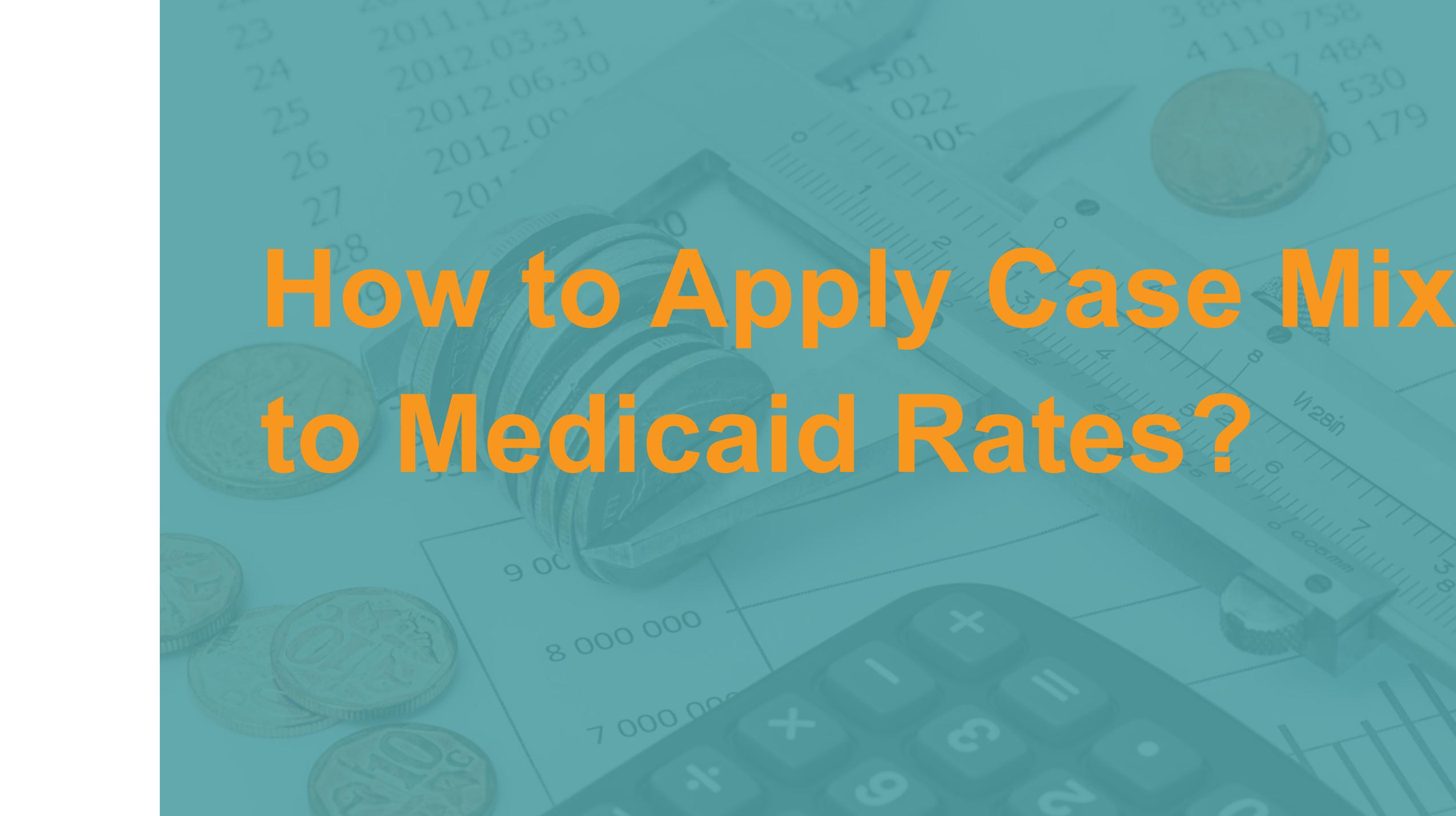
Resident Classification Systems

- CMI values and RUG categories were developed from nationwide time study efforts (STRIVE study)

- The RUG classification system is the resident classification model utilized by almost all case mix states across the country

- Patient Driven Payment Model (PDPM) – Resident classification system implemented for NF Medicare PPS reimbursement on October 1, 2019

- PDPM data elements have not previously been available for collection for non-Medicare residents and therefore evaluation of the CMI for the Medicaid resident population is not possible at the current date

- Unlike Medicare which calculates reimbursement for each individual, Medicaid utilizes resident classification systems to develop a facility specific total per diem.
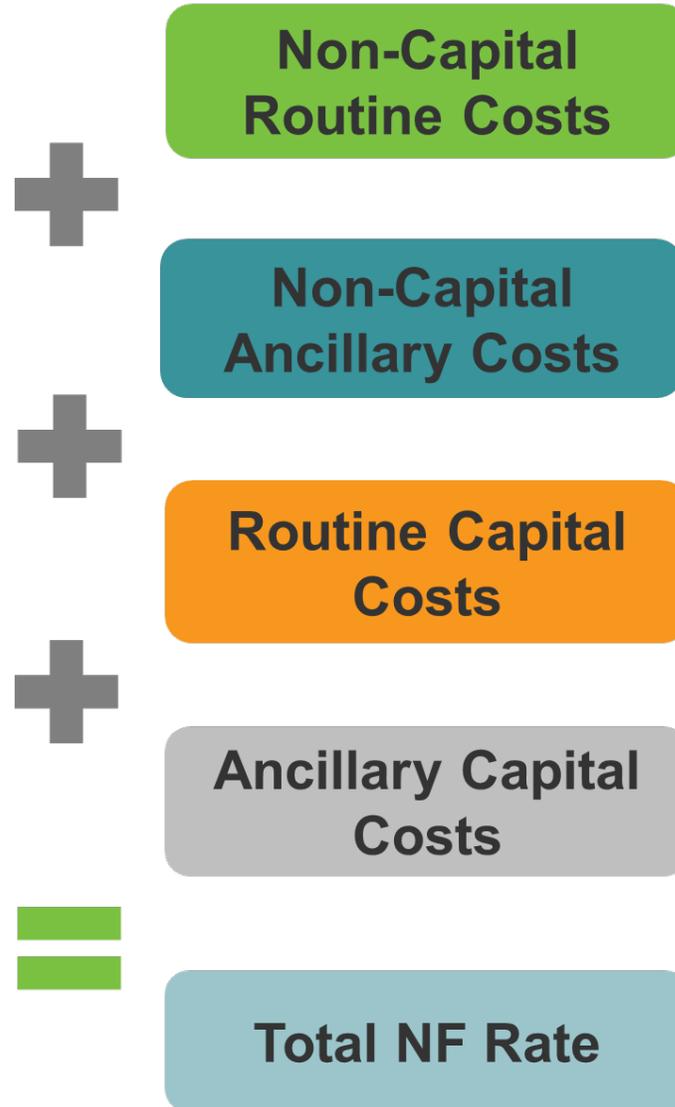
Why Case Mix?

Why Case Mix?

- Case mix is used as a method for allocating nursing facility cost based on the resident nursing care needs of each payer type (Medicare, Medicaid, etc.)

- Allows for the total facility per diem rate to reflect Medicaid resident allowable costs

- Periodically adjusts the total facility per diem rate to reflect the Medicaid resident mix for each specific facility (quarterly, semi-annual, etc.)

- Incentivizes nursing facilities to accept high need residents

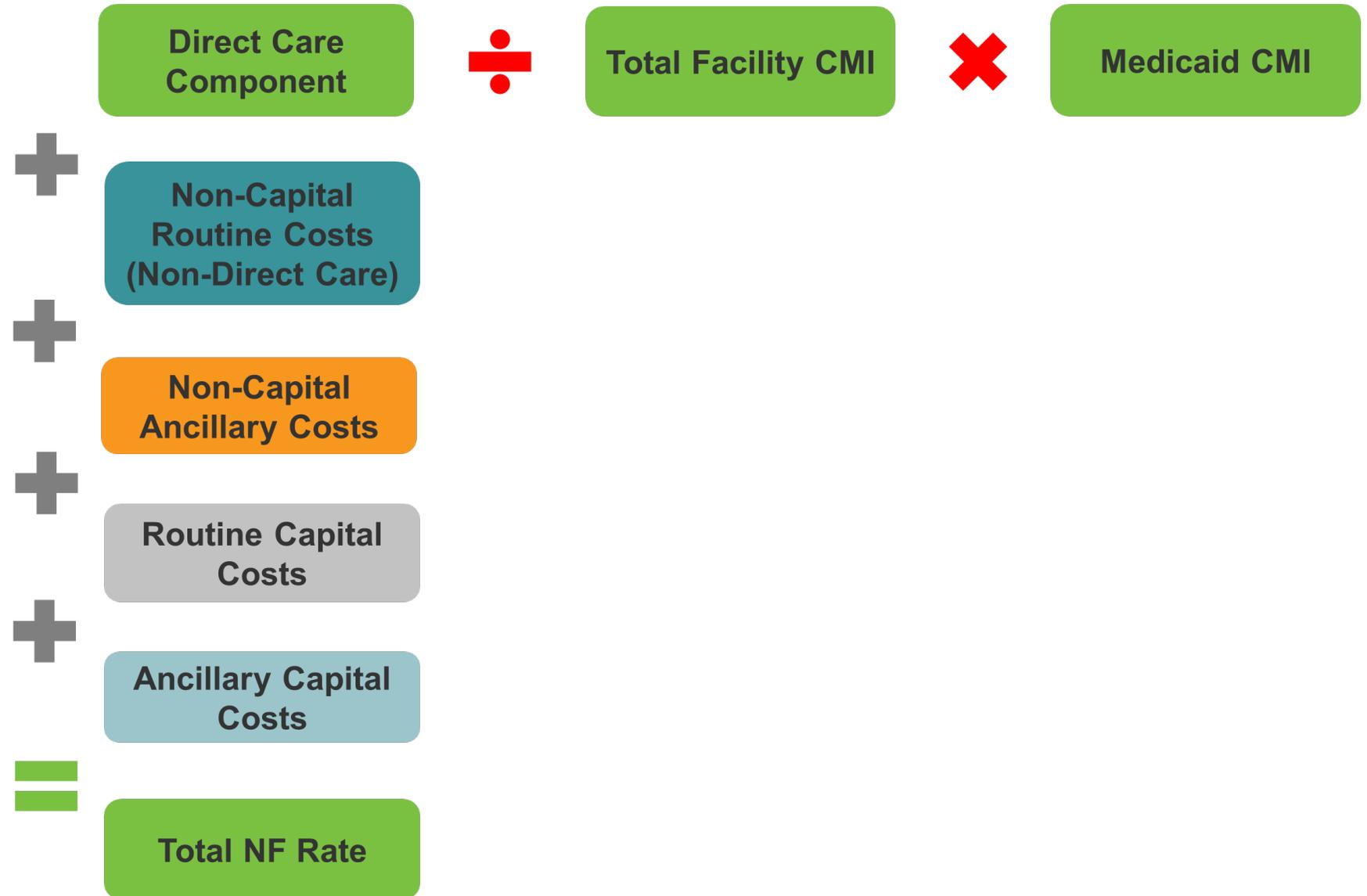- Aligns with rebalancing efforts by incentivizing care to be provided at the appropriate level

How to Apply Case Mix to Medicaid Rates?

Current Reimbursement System

Non-Capital Routine Costs

+

Non-Capital Ancillary Costs

+

Routine Capital Costs

+

Ancillary Capital Costs

=

Total NF Rate

Case Mix Reimbursement System

Direct Care Component ÷ **Total Facility CMI** ✖ **Medicaid CMI**

+

Non-Capital Routine Costs (Non-Direct Care)

+

Non-Capital Ancillary Costs

+

Routine Capital Costs

+

Ancillary Capital Costs

=

Total NF Rate

What Are Direct Care Routine Costs?

- Inclusive of costs related to direct hands-on resident care, such as:
  - Registered Nurse (RN) wages
  - Licensed Practical/Vocational Nurse (LPN) wages
  - Certified Nurse Aide (CNA) wages
  - Employee Benefits related to these salaries

- This component features an acuity (case mix) adjustment at the provider specific level

- Periodic adjustments allow for reimbursement to be modified based on the changing resident mix of each nursing facility

QUESTIONS/DISCUSSION & CONTACT INFORMATION

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