MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

Purpose: State research for the Alaska Skilled Nursing Facility case mix project

State Evaluated	Idaho	Indiana	Iowa	Kansas
Rate Components	Direct Care Indirect Care Capital Costs Exempt from Limitations NATCEP	Direct Care Therapy Indirect Care Administrative Capital	Direct Care (Nurse salary and benefits & therapies) Indirect Care	Operating Indirect Health Care Direct Health Care Real and Personal Property Fee (Property) Add-Ons (Provider Tax, Incentive Factors)
Price/Cost /Hybrid	Cost	Hybrid	Cost	Cost
Current Case Mix System RUG Version	 RUG-III 34-group	 RUG-IV 48-group	 RUG-III 34-group	 RUG-III 34-group
Start of Case Mix Reimbursement	July 1, 2000	October 1, 1998	July 1, 2001	July 1, 1993
Case Mix - Frequency	Quarterly adjustments to the direct care component of the calculated rate.	Quarterly - Direct care component only	Quarterly - Direct care component only	Semi-Annually - Direct care component only
Other Case Mix Factors	Annual direct care cost limitations are adjusted for each facility Calculation: Total Facility case mix Score/State-wide Average case mix score. The facility specific direct care cap remains constant for the rate year.	Adjust Rehabilitation RUG to Non-Rehabilitation RUG once all therapy has concluded Residents meeting low needs criteria receive a low needs RUG	Medicaid case-mix only for quarterly updates Bi-Annual rebase uses facility total for normalization Caps are adjusted with the Medicaid case-mix quarterly	
Peer Groups	Free-Standing Nursing Facilities & Urban Hospital-Based/Rural Hospital-Based Facilities	N/A	Urban/Rural NF/SNF	State-Wide
Rebase	Annually	Annually	Every 2 years	3-year base period rolls forward each year unless Legislature exempts the agency from rebasing
Provider Tax	Yes	Yes	Yes	Yes
Considerations				
Rural Providers	Indirect Cost Cap is higher for Rural Hospital-Based Providers	N/A	Direct Care Component for urban areas is higher based on the difference for the CBSA wage index for all urban areas in the state compared to the rural CBSA wage index	Facilities less than 60 beds are exempt from minimum occupancy rule.
Low Medicare Utilization	N/A	N/A	N/A	N/A
High Medicaid Utilization	N/A	N/A	Used in tax calculation	High Medicaid utilization facilities (≥65%) receive a $0.75 per diem add-on.
Low Number of Licensed Beds	N/A	Minimum occupancy for < 51 Beds is 85% Minimum occupancy for > 50 beds is 90%	Used in tax calculation	N/A
High Fixed Cost, Low Variable Cost Facilities	No special considerations. Indirect and Direct care costs are reimbursed up to a cap limitation.	N/A	N/A	N/A
Do small and large facilities utilize the same rate components? For example, 20-bed facility compared to 153-bed facility.	Yes. All rate components are the same for cost classification, regardless of size. Cost component caps do not change, based on facility size.	The minimum occupancy limit for nursing facilities with less than fifty-one (51) beds is eighty-five percent (85%). For nursing facilities with greater than fifty (50) beds, the minimum occupancy limit is ninety percent (90%). All other limits are the same regardless of facility size.	Yes. All rate components are the same for cost classification, regardless of size. Cost component caps do not change, based on facility size.	Yes. All rate components are the same for cost classification, regardless of size. Cost center limits do not change based on facility size. However, the occupancy rule (85%) is only applied to homes with 60 beds or more.

Purpose: State research for the Alaska Skilled Nursing Facility case mix project

State Evaluated	Idaho	Indiana	Iowa	Kansas
Are Cost Limitations Applied to All Facilities?	No. The State operated nursing facility is not subject to cost limits.	No, State operated facilities are not reimbursed under the case mix reimbursement system.	No. The state run facility and special population facilities certified prior to July 1, 1993 are not subject to limits. Special Populations certified after July 1, 1993, the per diem costs are limited to the sum of 120% of the Hospital Direct Median Costs and 110% of the Hospital Non-Direct Median Costs.	Yes.

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

Purpose: State research for the Alaska Skilled Nursing Facility case mix project

State Evaluated	Idaho	Indiana	Iowa	Kansas
Cost Categories				
Direct Care	Lower of Cost or Direct Care Cap	Lower of Cost or Direct Care Cap	Cost subject to cap of median x 120% x Medicaid CMI for quarterly, higher if in Urban area (see above)	Cost - cap of 130% of median costs
Costs Subject to case mix	Direct nursing salaries & related benefits (RN, CNAs, unit clerks), routine nursing supplies, nursing administration, social services, medical waste disposal	1) Nursing and nursing aide services; 2) Nurse consulting services directly related to the provision of hands-on resident care; 3) Pharmacy consultants; 4) Medical director services 5) Nurse aide training; 6) Medical supplies; 7) Oxygen 8) Medical records costs; 9) Rental costs for low air loss mattresses, pressure support surfaces, and oxygen concentrators. Rental costs for these items are limited to one dollar and fifty cents ($1.50) per resident day; 10) Support and license fees for software utilized exclusively in hands-on resident care support, such as MDS assessment software and medical records software; 11) Replacement dentures for Medicaid residents provided by the facility that exceed state Medicaid plan limitations for dentures; 12) Legend and nonlegend sterile water products used for irrigation or humidification; 13) Educational seminars for direct care staff 14) Skin protectants, sealants, moisturizers, and ointments that are applied on an as needed basis by the member, nursing facility care staff, or by prescriber's order as a part of routine care as defined in subsection (ff); 15) Parenteral and enteral nutrition costs other than meals, nutritional supplements, sterile water, and legend and nonlegend drugs; 16) Costs for the coding and input of MDS data.	Direct nursing salaries & benefits (RNs, LPNs, CNAs). Therapy services	Nursing salaries and benefits (RN/LPN/Aides), and nursing supplies.
Indirect/Other Care	Lower of Cost or Indirect Care Cap	Lower of Cost or Indirect Care Cap	Cost subject to cap of median other, operating, capital x 110%	Cost - cap of 115% of median costs
Administrative/ Operating	N/A	Price - 100% of median	Cost subject to minimum occupancy level	Cost - cap of 110% of median costs
Capital	Free-Standing Nursing Facilities: Reimbursed based on a Rental Rate based on age of building Hospital Based: Cost	Fair Rental Value/cost	Cost subject to minimum occupancy level	Facility specific fixed fee, can be increased for current capital expenditures. Limited to 105% of median fee.
Ancillary	Medicaid related services included with Direct & Indirect Care Components	Medicaid Cost in per diem	N/A	Reimbursed Separately
Rate Add-on	Ventilator/Tracheostomy Care, Specialized Equipment (Wheelchairs, Beds, etc.)	Special Care Unit, Ventilator Assessment, Quality	N/A	Quality incentives and Add-Ons for provider tax costs and when applicable costs not included in the cost report data such as costs associated with minimum wage increases.

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

DRAFT

Purpose: State research for the Alaska

State Evaluated	Kentucky	Montana	Wyoming
Rate Components	Case Mix Staffing Non-Case Mix Staffing Case Mix Other Non-Case Mix Other Capital	Admin & Capital - Non-case mix adjusted. 80% of budget. Nursing - case mix adjusted 20% of budget.	Healthcare Capital Operating
Price/Cost /Hybrid	Price	Price	Price
Current Case Mix System			
RUG Version	RUG-III 34-group	RUG-III 34-group	RUG-IV 48-group
Start of Case Mix Reimbursement	January 1, 2000	2001	July 1, 2015
Case Mix - Frequency	Quarterly - case mix components only	Quarterly. Four Quarter average is used in nursing component rate setting.	Quarterly - Healthcare component only
Other Case Mix Factors	Time-weighted case mix calculation Facility average Medicaid CMI includes Medicaid and Medicare/Medicaid dual eligible	Facility four quarter Medicaid CMI average is compared to state CMI average, to arrive at a facility acuity ratio. This ratio is multiplied by the nursing component budgeted price, to arrive at the facility case mix adjusted nursing component rate.	
Peer Groups	Urban/Rural	State-Wide. All NF facilities are under the same rate methodology.	State/Private/Governmental Licensed beds sizes
Rebase	Every 4 years (unless policy delays) Capital appraisals performed every 5 years to update bed value Annual inflation adjustments	Annually	Annually
Provider Tax	Yes	Yes	Yes
Considerations			
Rural Providers	Prices for rural providers are lower than urban	No difference in rate setting	N/A
Low Medicare Utilization	Capital component calculation uses floor of 90% occupancy	N/A	N/A
High Medicaid Utilization	N/A	N/A	N/A
Low Number of Licensed Beds	N/A	N/A	Bed range adjustments - State can adjust rates of cost coverage for each bed group so long the cost coverage of the each group remains +- 5%.
High Fixed Cost, Low Variable Cost Facilities	N/A	No difference in rate setting	Bed range adjustments - State can adjust rates of cost coverage for each bed group so long the cost coverage of the each group remains +- 5%.
Do small and large facilities utilize the same rate components? For example, 20-bed facility compared to 153-bed facility.	Yes	Yes	Yes, but there is bed range adjustment.

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

DRAFT

Purpose: State research for the Alaska

State Evaluated	Kentucky	Montana	Wyoming
Are Cost Limitations Applied to All Facilities?	n/a	N/A	No, the State operated facility is not subject to caps.

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

DRAFT

Purpose: State research for the Alaska

State Evaluated	Kentucky	Montana	Wyoming
Cost Categories			
Direct Care	Price - 100% of average	Nursing Price - 20% of state-wide price (based on state budget)	Price
Costs Subject to case mix	Staffing (wages, benefits, FTE/absenteeism) for RN, LPN, Aides, DON, Activities, Medical Records; Non-personnel operating (supplies, education & training)	Nursing Price is case-mix adjusted.	Healthcare
Indirect/Other Care	Price - 100% of average	Price - 80% of state-wide price (Based on state budget)	N/A
Administrative/ Operating	Price- average based on historical percentages	See Indirect/Other	Price - with pass-troughs based on cost for property tax, insurance, and utilities
Capital	Fair Rental Value $58,820 maximum bed value with 9% rate of return	Reimbursed under the Admin price component.	Price - based on age of the building
Ancillary	Reimbursed Separately	Reimbursed outside the base rate. Provider must apply directly with Department. Paid outside the base rate.	Based on ancillary charges - Allowed % - Medicaid 100%, Medicare 10%, other 100%, Non-NF 0%.
Rate Add-on	Potential rate sanctions based on MDS RUG validation reviews	Ancillary: Reimbursed outside the base rate. Provider must apply directly with Department. Paid outside the base rate. Direct Care Wage add-on: Yes	Extraordinary care cost Rate add-on based on individual needs for care outside of per diem