



House Committee on Human Services

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March 13, 2008

Agenda

- Long-Term Care Rate Methodology
- Current and Historical Rates
- Enhancement Programs

Nursing Facility Rate Methodology

- Uniform statewide by level of service (i.e., case-mix class)
- Rebased once every two years coincident with the state biennium
- Enhanced rates are available for enhanced staffing
- May be retroactively adjusted based upon failure to meet specific staffing and spending requirements

Sources of data that inform HHSC's rate recommendation to the Legislature

- Most recently audited cost reports – all cost reports are desk reviewed or field audited by HHSC OIG
- Cost inflation indices
 - General cost inflation: Personal Consumption Expenditures (PCE) chain-type price index
 - Item-specific and program-specific inflation indices for key professional and para-professional staff

Nursing Facility Rate Components

Direct Care Staff – includes compensation costs for nurses and nurse aides

- Recommended rate equals the mean projected allowable direct care staff cost per diem, multiplied by 1.07
- This rate component is adjusted for case mix
- Subject to staffing and spending requirements for participants in the direct care staff enhancement

Nursing Facility Rate Components

Other Resident Care - includes compensation for social workers, activities staff, direct care staff trainers, therapists, pharmacists, medical directors and other direct care consultants, as well as costs for medical equipment and supplies, and laundry/housekeeping

- Recommended rate calculated at the mean projected other resident care cost per diem, multiplied by 1.07
- This rate component is adjusted for case mix
- No spending or staffing requirements

Nursing Facility Rate Components

Dietary Care - includes compensation costs for dietary staff as well as costs for food, ancillary nutritional therapy supplements, dietary equipment and dietary supplies

- Recommended rate calculated at the median projected dietary care cost per diem, multiplied by 1.07
- Not adjusted for case mix
- No spending or staffing requirements

Nursing Facility Rate Components

General and Administrative -includes compensation costs for administrative and maintenance staff, management, legal and other consulting fees, property and equipment repair and maintenance, office supplies and equipment, insurance, property taxes, and transportation

- Costs are adjusted if a facility's occupancy rate is below the statewide average during the cost-reporting period
- Recommended rate calculated at the median projected General and Administrative cost per diem, multiplied by 1.07
- Not adjusted for case mix
- No spending or staffing requirements

Nursing Facility Rate Components

- Fixed Capital Asset Use Fee
 - Intended to pay for the “bricks and mortar”
 - Based on the 80th percentile of all facilities’ appraised values per licensed bed
 - Recommended rate capped at prior year’s rate plus inflation
- Liability Insurance Add-on – paid only to facilities carrying liability insurance
- Direct Care Staff Enhancement

Adjustments to Remain within Appropriations

If appropriations are not sufficient to fully fund the recommended rate, any increased appropriations are distributed proportionally across all cost centers based on each cost center's ratio of costs as reported on the most recently audited cost report to existing payment rates.

Nursing Facility Case Mix Adjustments

- Rates for the Direct Care Staff and Other Resident Care components vary according to the assessed characteristics of residents, who are grouped into case-mix classes of service based upon service need or acuity
- Texas currently uses the 11-group Texas Index for Level of Effort (TILE) case mix classification system
- Effective September 1, 2008, Texas will move from TILE to the 34-group federal Resource Utilization Groups (RUGs) case mix system

Add-ons to the Nursing Facility Rate

- Three "add-ons" to the TILE case mix classes have been developed since the inception of the TILE system. These add-ons provide extra funds for:
 - residents who are continuously dependent upon ventilators
 - residents who are partially dependent upon ventilators
 - children with tracheostomies
- These add-ons will continue when RUGs is implemented

Current Nursing Facility Rates

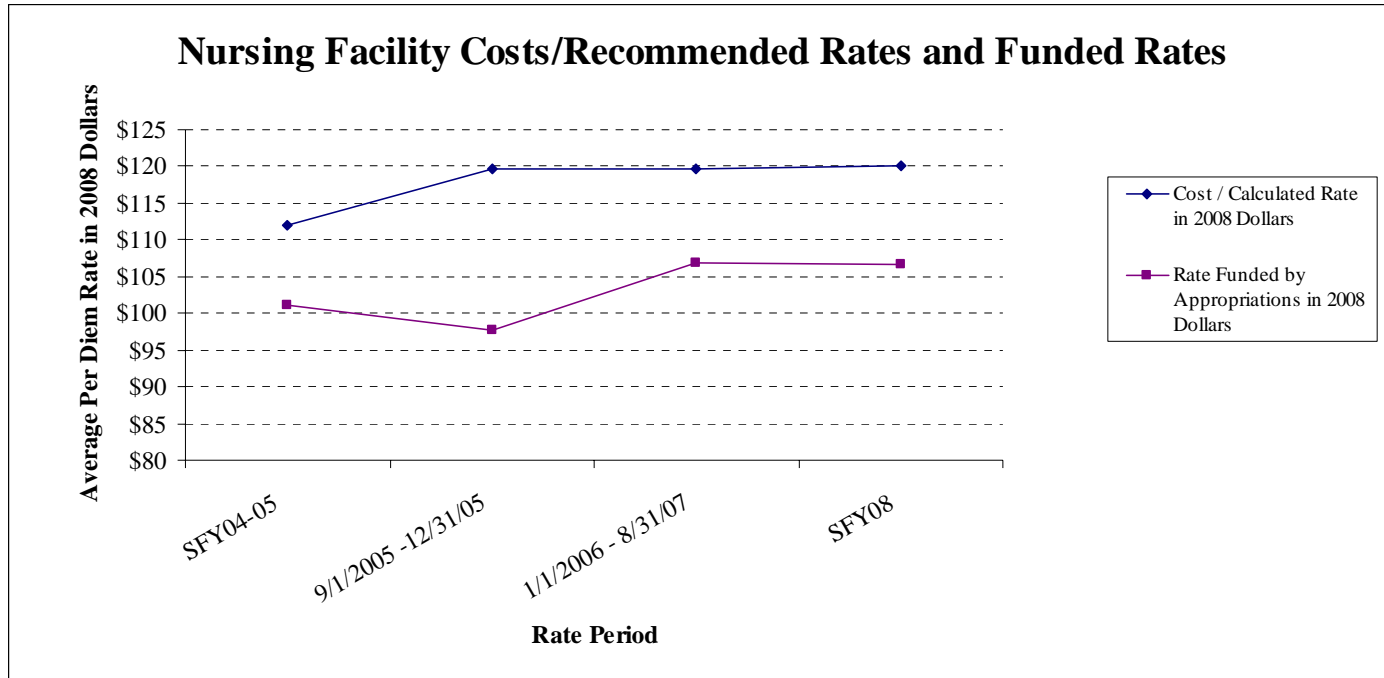
The weighted average nursing facility rate as of January 2008 equals \$108.88 per day of service.
The base rates by case mix group with no enhancements or liability insurance add-on are presented below.

TILE	Direct Care Staff	Other Resident Care	Dietary	General and Admin.	Fixed Capital	Total
201	\$95.92	\$33.22	\$11.35	\$22.48	\$6.42	\$169.39
202	\$82.37	\$28.53	\$11.35	\$22.48	\$6.42	\$151.15
203	\$76.34	\$26.44	\$11.35	\$22.48	\$6.42	\$143.03
204	\$58.96	\$20.42	\$11.35	\$22.48	\$6.42	\$119.63
205	\$52.64	\$18.23	\$11.35	\$22.48	\$6.42	\$111.12
206	\$53.56	\$18.55	\$11.35	\$22.48	\$6.42	\$112.36
207	\$45.93	\$15.91	\$11.35	\$22.48	\$6.42	\$102.09
208	\$43.37	\$15.02	\$11.35	\$22.48	\$6.42	\$98.64
209	\$38.46	\$13.32	\$11.35	\$22.48	\$6.42	\$92.03
210	\$29.69	\$10.28	\$11.35	\$22.48	\$6.42	\$80.22
211	\$27.54	\$9.54	\$11.35	\$22.48	\$6.42	\$77.33
212	\$27.54	\$9.54	\$11.35	\$22.48	\$6.42	\$77.33
Vent. - Cont.	\$67.92	\$23.06				\$90.98
Vent. - < Cont.	\$27.17	\$9.22				\$36.39
Pediatric Trach.	\$40.75	\$13.84				\$54.59

Historical Nursing Facility Costs/Recommended Rate and Funded Rate in 2008 Dollars

	SFY04-05	SFY06-07		SFY08
		9/1/2005 - 12/31/05	1/1/2006 - 8/31/07	
Cost / Recommended Rate in 2008 Dollars	\$112.02	\$119.75	\$119.75	\$119.99
Rate Funded by Appropriations in 2008 Dollars	\$101.22	\$97.67	\$106.91	\$106.59

Historical Nursing Facility Costs/Recommended Rate and Funded Rate in 2008 Dollars



CBA Rate Methodology

- Uniform statewide
- Rebased once every two years coincident with the state biennium
- Enhanced rates are available for enhanced attendant compensation
- May be retroactively adjusted based upon failure to meet specific attendant compensation spending requirements

CBA Rate Methodology

- Rates for each service in the waiver are based on an analysis of the most recently available, audited provider cost reports.
- Audited costs from cost reports are projected to the biennial rate period to account for anticipated price inflation.
- For each service, the weighted median projected cost is determined.
- This cost is multiplied by a factor of 1.044. The result is the recommended rate per service as per the rate methodology.
- The legislature then determines what portion of the recommended rate to fund through the appropriations process. For state fiscal year (SFY) 2008, the legislature appropriated funds to cover 35.8% of recommended rate increases for community long term care programs.

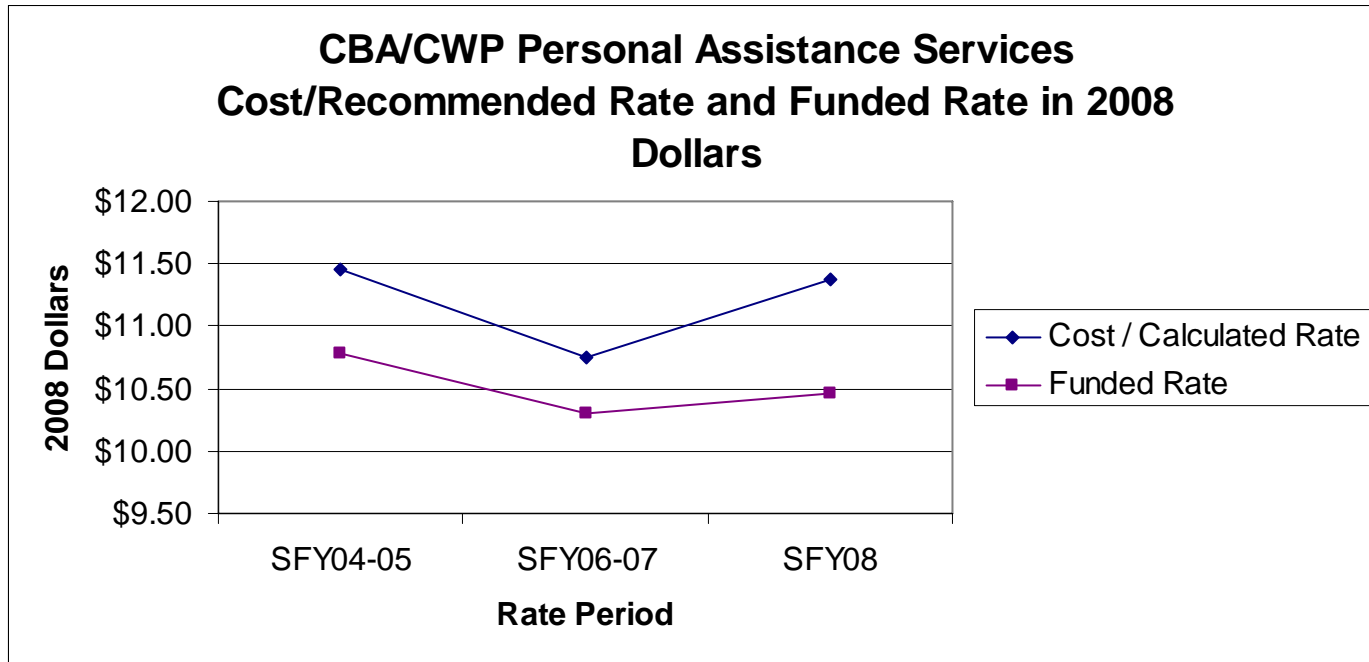
Current CBA and CWP Rates for Services Provided under both Waivers

SERVICE	PAYMENT RATE
Personal Assistance Services – per hour	\$10.46-\$11.46
Registered Nurse (RN) - per hour	\$43.39
Specialized RN - per hour	\$49.90
Licensed Vocational Nurse (LVN) - per hour	\$29.69
Specialized LVN - per hour	\$34.14
Physical Therapy (PT) - per hour	\$66.88
Occupational Therapy (OT) - per hour	\$63.53
Speech Pathology (SP) - per hour	\$62.44
Adult Foster Care (AFC) Level I - per day	\$19.19
AFC Level II – per day	\$33.10
AFC Level III – per day	\$67.20
AFC Out-of-Home Respite Level I - per day	\$33.28
AFC Out-of-Home Respite Level II – per day	\$47.19
AFC Out-of-Home Respite Level III – per day	\$81.30
NF Out-of-Home Respite - per day	TILE
In-Home Respite Care - per day	\$238.60
Administrative Expense Fee - Pre-Enrollment Home Health Assessment - one time	\$157.21
Transition Assistance Services - one time	\$158.28

Historical CBA/CWP Costs/Recommended Rate and Funded Rate in 2008 Dollars

CBA/CWP Rates (2008 Dollars)*	Funded Rate			Cost/Recommended Rate		
	SFY04-05	SFY06-07	SFY08	SFY04-05	SFY06-07	SFY08
Personal Assistance Services – per hour **	\$10.78	\$10.30	\$10.46	\$11.46	\$10.75	\$11.37
Registered Nurse (RN) - per hour	\$36.70	\$35.08	\$43.39	\$38.08	\$40.41	\$50.62
Licensed Vocational Nurse (LVN) - per hour	\$27.50	\$26.29	\$29.69	\$30.78	\$31.64	\$29.69
Physical Therapy (PT) - per hour	\$70.87	\$67.74	\$66.88	\$77.65	\$67.74	\$69.72
Occupational Therapy (OT) - per hour	\$67.60	\$64.62	\$63.53	\$72.51	\$64.62	\$63.06
Speech Pathology (SP) - per hour	\$66.45	\$63.52	\$62.44	\$77.11	\$63.52	\$61.48
In-Home Respite Care - per day	\$250.66	\$239.59	\$238.60	\$345.48	\$258.46	\$252.34
Pre-Enrollment Assessment - one time	\$141.86	\$135.60	\$157.21	\$151.97	\$152.17	\$157.21
* Excluding Adult Foster Care and Respite						
** Does not include enhancements for CBA						

Historical CBA/CWP Costs/Recommended Rate and Funded Rate in 2008 Dollars



Percent of Cost/Recommended Rate Funded for NF and CBA/CWP

	Rate Period			
	SFY04-05	9/1/2005 - 12/31/05	1/1/2006 - 8/31/07	SFY08
Nursing Facility	90.36%	81.56%	89.28%	88.83%
CBA/CWP Personal Attendant Services	94.07%	95.81%	95.81%	92.00%
CBA/CWP Registered Nurse (RN) - per hour	96.38%	86.81%	86.81%	85.72%
CBA/CWP Licensed Vocational Nurse (LVN) - per hour	89.34%	83.09%	83.09%	100.00%
CBA/CWP Physical Therapy (PT) - per hour	91.27%	100.00%	100.00%	95.93%
CBA/CWP Occupational Therapy (OT) - per hour	93.23%	100.00%	100.00%	100.75%
CBA/CWP Speech Pathology (SP) - per hour	86.18%	100.00%	100.00%	101.56%
CBA/CWP In-Home Respite Care - per day	72.55%	92.70%	92.70%	94.55%
CBA/CWP Pre-Enrollment Assessment - one time	93.35%	89.11%	89.11%	100.00%

Enhancements and Accountability

- Nursing facility enhancement was established by the 76th Legislature: Senate Bill 1, Article II, DHS Rider 38
 - Intent is to provide incentives for increased direct care staffing and direct care wages and benefits in nursing facilities
 - Currently in statute at Section 32.028 of the Human Resources Code
- Community care enhancement was established by the 76th Legislature: Senate Bill 1, Article II, DHS Rider 37
 - Intent is to provide incentives for increased compensation for community care attendants

Enhancement Participation Rates

Percent/ number of providers participating in an enhancement program

- Community Based Alternatives = 82 percent / 336 providers
- Community Living Assistance and Support Services = 94 percent / 31 providers
- Day Activities and Health Services = 66 percent / 256 providers
- Deaf-Blind Multiple Disabilities Waiver = 80 percent / 20 providers
- Nursing Facilities = 92 percent / 968 providers
- Primary Home Care = 77 percent / 593 providers
- Residential Care = 44 percent / 160 providers

Enhancement Programs

- Participation in any enhancement program is voluntary
- Open enrollment is conducted annually
- Providers choosing to participate must submit a signed Enrollment Contract Amendment

Enhancement Spending Requirements

- Participating community care providers agree to spend 90 percent of their total Medicaid attendant revenues, including their enhanced add-on rate revenues, on attendant compensation
- Participating nursing facilities agree to spend at least 85 percent of their Medicaid direct care revenues on direct care compensation (nurses and nurse aides)
- Compensation includes salaries, payroll taxes, benefits, and, for community care attendants, mileage reimbursement
- Unexpended funds below the spending requirement are recouped
- A participating provider's rate after spending recoupment will never be less than a nonparticipating provider's rate
- For nursing facilities, spending recoupment may be offset by dietary and fixed capital costs in excess of those components' Medicaid rates

Enhancement Staffing Requirements

- Nursing facilities choosing to participate in the enhancement agree to maintain a certain staffing level in return for increased direct care staff revenues
 - Minimum staffing requirements are based on statewide average staffing levels
 - Enhanced staffing options are available to nursing facilities wishing to staff above the minimum required level
- The community care enhancement does not have staffing requirements

Enhancement Staffing Requirements (continued)

Staffing accountability for participating nursing facilities

- Nursing facilities failing to meet their staffing requirement are subject to recoupment of direct care staff revenues associated with unmet staffing goals
- Facilities may mitigate staffing recoupments to the extent that the enhanced funds are expended on direct care nursing staff

Additional Enhancement Features for Nursing Facilities and Community Care

- Reinvestment. Recouped funds are redistributed to nursing facility participants who staff above their required staffing levels and community care providers who spend above their spending requirement.
- Grouping. Compliance with spending requirements may be evaluated in the aggregate for all participating contracts controlled by a single entity within a single program.
- Funding Limitations. Participation is limited to available funds.