

SSB 6062 - H AMDS TO H APP COMM AMD (H-2996.1/97) 435 ADOPTED

By Representative Dyer

3-31-97

On page 34, strike lines 20 through 23 and insert price, per peer group, shall be established at 115 percent of the median direct care cost per case mix unit.-

On page 34, after line 23, insert (iv) A cost-based system in which payment to a facility shall be the facility's allowable cost per case mix unit, adjusted for case mix up to a ceiling. The ceiling, per peer group, shall be established at 115 percent of the median direct care cost per case mix unit.

(v) A corridor-based system in which payment to a facility shall be the facility's allowable cost per case mix unit adjusted for case mix up to the ceiling and no less than a floor. The floor, per peer group, shall be established at 90 percent of the median direct care cost per case mix unit. The ceiling, per peer group, shall be established at 115 percent of the median direct care cost per case mix unit.-

On page 34, line 25, after costs.- strike A-

On page 34, strike lines 26 through 28 and insert The rates shall either be based on actual allowable expenditures, limited by a median plus percentage lid, or a price based on a percentage of the median industry-wide indirect care costs. Payments based on at least two percentages shall be modeled for both peer groups; metropolitan statistical area and non-metropolitan statistical area.-

On page 34, after line 28, insert "(d) For the purpose of forecasting the total costs of the case mix shadow rates and the indirect care rates, as described in parts (b) and (c) of this subsection, for the next two fiscal years the department shall assume: the base costs for both direct and indirect costs shall be recalculated on a biennial basis, with the initial July 1, 1998 rates based on calendar year 1997 desk reviewed reported allowable

1 facility costs; payments shall be prospective with no settlement;
2 the current reimbursement system for payment of the capital
3 component of the rate shall be used; and the health care financing
4 administration nursing home input price index, excluding capital
5 costs, taken from the previous calendar year shall be used to
6 forecast and set initial rates and shall be used to forecast and
7 set the second year rates of each two-year cycle.

8 (e) The department shall provide all data, information, and
9 specifications of the methods used in establishing the shadow case
10 mix rates to the nursing home provider associations.-

EFFECT: Lists additional nursing home rate structures to be modeled by the DSHS during FY 1998 and requires DSHS to produce all information regarding how the shadow nursing home rates are set to the nursing home provider associations. Requires nursing home rates modeled during FY 1998 to be based on rebased facility actual costs, the current method for reimbursing capital costs, and an inflation factor which shall be the health care financing administration nursing home input price index, less capital costs.

FISCAL IMPACT: None.