

HOUSE BILL REPORT

HB 1149

As Reported by House Committee On:
Health & Human Services Appropriations & Oversight

Title: An act relating to the direct care and financing allowance component rate allocations for medicaid nursing facilities.

Brief Description: Concerning the direct care and financing allowance component rate allocations for medicaid nursing facilities.

Sponsors: Representative Cody; by request of Department of Social and Health Services.

Brief History:

Committee Activity:

Health & Human Services Appropriations & Oversight: 2/15/11, 2/16/11 [DPS].

Brief Summary of Substitute Bill

- Aligns language concerning minimum occupancy with the rest of the nursing home payment statute.
- Requires the Department of Social and Health Services (DSHS) to calculate and increase case mix by one-half of 1 percent of the January 2011 direct care Medicaid rate during the period of July 1, 2011, through June 30, 2013.
- Requires the DSHS to calculate rates using direct care costs and facility average case mix index beginning July 2013.
- Eliminates the look-back and adjustments for client acuity changes that took place during the upgrade period to Minimum Data Set (MDS) 3.0.

HOUSE COMMITTEE ON HEALTH & HUMAN SERVICES APPROPRIATIONS & OVERSIGHT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Dickerson, Chair; Johnson, Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Cody, Green, Harris, Kagi, Overstreet, Pettigrew and Walsh.

Staff: Carma Matti-Jackson (786-7140).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

The Washington State Medicaid (Medicaid) program includes long-term care assistance and services provided to low-income individuals. Clients may be served in their own homes, in community residential settings, and in skilled nursing facilities.

There are approximately 220 skilled nursing facilities licensed in Washington that provide 24-hour long-term care services for approximately 9,939 Medicaid-eligible clients. The Medicaid nursing home payment system is administered by the Department of Social and Health Services (DSHS). The Medicaid rates in Washington are unique to each facility and are generally based on the facility's allowable costs, occupancy rate, and client acuity (sometimes called the "case mix").

The 2010 Legislature raised minimum occupancy adjustments for large non-essential providers from 90 percent to 92 percent in the finance component. In addition, the 2010 Legislature reduced the allowable Return On Investment (ROI) to 4 percent for all tangible assets. The Governor vetoed the section that amended the allowable ROI.

The federal government requires use of the MDS. The MDS is a standardized, primary screening and assessment tool of health status for all residents in a Medicare and/or Medicaid-certified long-term care facility. Using MDS assessment data, a client is scored into one of 44 groups that tie the payment levels to the patient acuity of the client being served. The MDS system has been upgraded to version 3.0 and the DSHS is in the process of upgrading the payment system to align with the new data fields and formats.

Summary of Substitute Bill:

Language reflecting the increase in minimum occupancy adjustments in the finance component is aligned with minimum occupancy language for the finance component found elsewhere in the nursing home payment statute.

During the transition period for payments based on the client acuity data system upgrade to MDS 3.0, the DSHS is required to calculate and increase case mix by one-half of 1 percent of the January 2011 Medicaid rate. Beginning July 2013, the DSHS will resume calculating rates using direct care costs and the facility average case mix index. These rates will be based on data from the prior two years beginning with 2011 data for the 2013 rates.

The look-back period and adjustment for client acuity changes scheduled to take place during the transition phase to the new MDS 3.0 data system is eliminated.

Substitute Bill Compared to Original Bill:

The amended bill no longer authorizes the DSHS to determine the date for transitioning payments based on the new MDS 3.0 data. Instead, the DSHS is required to calculate and increase rates for a transition period using a set inflationary factor of one-half of 1 percent

based on January 2011 Medicaid average case mix index scores. The DSHS will be required to have the payment based on MDS 3.0 acuity data beginning July 1, 2013.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) This bill gives the DSHS flexibility to transition the payments to the new data system.

(Opposed) None.

Persons Testifying: Kathy Marshall, Department of Social and Health Services.

Persons Signed In To Testify But Not Testifying: None.