
Appropriations Committee

SSB 5802

Brief Description: Providing flexibility in calculation of nursing rates.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Muzzall, Hasegawa, Lovelett, Nobles, Rivers and Robinson; by request of Department of Social and Health Services).

Brief Summary of Substitute Bill

- Requires the Department of Social and Health Services, subject to appropriations, to employ a method for applying case mix adjustments to the direct care component of the Medicaid Skilled Nursing Facility rate.
- Removes provisions on the Resource Utilization Group (RUG) and how the RUG scores data is used for calculating the case mix adjustments.

Hearing Date: 2/15/24

Staff: Bryan Way (786-7311).

Background:

Medicaid recipients can choose to receive long-term care services in a variety of settings, including at home, in adult day centers, adult family homes, assisted living facilities, or skilled nursing facilities (SNFs). Skilled nursing facilities are regulated by the Department of Social and Health Services (DSHS) and provide a range of services such as 24-hour nursing care, personal care, therapy, nutrition management, and more for residents requiring significant medical and personal attention.

The Medicaid payment rates for SNFs in Washington are determined by the DSHS on an individual facility basis, reflecting the care needs of the facility's residents. The methodology for

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

calculating these rates includes components for direct care, indirect care, capital costs, and a quality incentive. Notably, the direct care component, which covers nursing and related services, is updated biannually to ensure it aligns with the care requirements of residents with more complex health conditions.

A key factor in setting these payment rates is the case mix system, which assesses the care intensity needed by each resident. This system categorizes residents based on their health conditions and care requirements, influencing the adjustment of direct care payment rates for facilities to match the diversity in resident needs.

Until recently, the Resource Utilization Group (RUG) scores from the Centers for Medicare and Medicaid Services (CMS) were used by the State of Washington and the DSHS for determining nursing facility rates. These scores were based on the amount of therapy and services provided to residents.

In 2019, the CMS began transitioning to the Patient Driven Payment Model (PDPM), a different approach that considers the individual characteristics and needs of residents rather than the volume of services they receive. This model was fully implemented by September 30, 2023, marking a shift from RUG scores to the PDPM for calculating nursing facility payments. The transition reflects a change in methodology with the intention of aligning payment more closely with resident needs, although it represents a significant adjustment in how care requirements are assessed and funded.

Summary of Bill:

Subject to the availability of amounts appropriated for this specific purpose, the DSHS is required to employ a method for applying case mix to the direct care component of the Medicaid SNF rate which should be informed by a minimum data set collected by the CMS. The DSHS is required to develop and implement rules to outline what data is used and how it is implemented in the calculation of the direct care component of the Medicaid SNF rate. The case mix is required to be based on the finalized case mix weights as published by the CMS in the federal register.

References to RUGs are removed from statute. This includes language associated with RUGs and provisions that specify how RUG scores are used for the calculations in the case mix adjustments.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.