

Nursing Facility Rate Development Report - Questions and Answers

Percentile		
Question	Comment	Response
1	I am attaching the rate setting methodology from 2012. These used percentages of the day-weighted median costs – Direct Care 101.54% of the weighted median, Indirect Care at 100% of the weighted median, and Other Direct Care 93.48% of the weighted median. How do these percentages compare to the 40th percentile for all three components? Attached word file from last rebase.	<p>Please note that in the file you attached, the Other Direct Care was 100% of the day-weight median costs. The Indirect care was 93.48% of the day-weighted median costs.</p> <p>The 40th percentile of each base rate component corresponds to the following percentage of median:</p> <ul style="list-style-type: none"> • Direct Care - 95.5% • Indirect Care - 93.3% • Other Direct Care - 97.2%
2	How much of an increase would result if 50th percentile was used?	If the 50th percentile was used, it would result in a 4.8% increase to Direct Care (1 / 95.5%).
3	I believe there was \$78 million in the Governor’s Budget between the rebase and the 6.6% Inflatior. Today’s methodology comes out at \$73.2 million. Does that leave any room to potentially increase the Direct Care component to some level above the 40th percentile and closing the gap?	Across all budget lines (fee-for-service, managed care, and PACE, the Gov. Rec. included \$68.7M for the rate review and 6.6% inflator. This is \$4.5M less than the \$73.2 million Milliman estimated. In EOHHS' April CEC Testimony, we estimated the value of the 14.5% increase to be \$67.8 million, or \$0.9M less than the Gov. Rec. The conferees reduced projected nursing facility spend by \$1.6 million; therefore EOHHS estimates that the conferees adopted \$66.2 million for the rate review.
4	At that time (which was three years after the last rebase), the medians were set at different levels. If EOHHS could clarify any rationale behind the 40% and the previous medians (e.g. are these apples to apples comparisons), that would be helpful. Attached word file from last rebase.	The response to the first question describes the base rate component value as a percentage of the median. States have flexibility in the methodology used in developing nursing facility payment rates. EOHHS looked at past precedent where not all rates were set at the median, nursing facility needs and overall investment, and state budget context to determine the percentile. For example, it is not uncommon for EOHHS to be required to submit a constrained budget request where we must cut millions of dollars.
5	Regarding the 40% percentile for the rebased rate increase. Is this saying that the state can only afford 40% of the re-based increased costs?	This is not under EOHHS' purview to answer.
6	Provide calculation of total costs by facility to the costs identified as 40th percentile on page 4.	The attached "Facility Per Diem Costs" contains an exhibit titled 'Per Diem Costs' that illustrates the 2022 cost report per diem for each rate component by facility. The exhibit titled 'Percentiles' illustrates the 10th through 90th percentile of the per diem cost for each rate component.
7	Please provide analysis of the various percentiles (using every 10th percentile) for each cost center (direct care, indirect care, and other direct care)	The attached "Facility Per Diem Costs" contains an exhibit titled 'Per Diem Costs' that illustrates the 2022 cost report per diem for each rate component by facility. The exhibit titled 'Percentiles' illustrates the 10th through 90th percentile of the per diem cost for each rate component.
8	Provide analysis on how the 40th percentile for 2024 compares to the percentiles uses in 2012.	Please see response to the first question.
9	Provide reason for using the 40th percentile – looking for facts and auditable documentation that the 40th percentile represents facilities’ costs for the three cost centers.	Please see response to question four.

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10	You state there was “precedent” for using the 40 percentile. What precedent? Before RI moved to a price based/acuity payment system, the cap for direct labor was 110-125% of the median....quite a significant variance form the proposed 40th percentile.	Other state rate methodologies, including the 2012 Rhode Island rate methodology, set rates that are not equivalent to the median value. The cap for direct labor under the cost-based model was an upper limit on reimbursement for facilities whose direct care costs exceeded the median, not a percentage of direct care rate.
11	The Final Report should include the rankings of 2022 costs for the three cost centers where you are proposing the 40th percentile. I am curious to see the median.	The attached "Facility Per Diem Costs" contains an exhibit titled 'Per Diem Costs' that illustrates the 2022 cost report per diem for each rate component by facility. The exhibit titled 'Percentiles' illustrates the 10th through 90th percentile of the per diem cost for each rate component.
12	It remains unclear why or how the methodology adopted a calculation using the 40 th percentile of the costs of each component of the base rate. This seems low, and is not sufficient. For comparisons sake, when EOHHS moved to a Price-based system in 2012, according to our records, the rates were established at 101.54% of the median costs for Direct Care, 100% of the median costs for Other Direct Care, and 93.48% of the median costs for Indirect Care. We respectfully request that EOHHS pursue a further analysis and adjustment using a higher threshold for the calculation of the median costs.	Please see responses to questions one and four.
Inflationary Trend		
13	What has been the historical SNF Input Price Index using HIS Global Inc. Forecast for the last 5 years?	<p>The IHS Market Healthcare Cost Review, Skilled Nursing Facility Total Market Basket Capital Costs Index is utilized to annually update the fair rental value (FRV) component. The last five years of FRV increases is as follows:</p> <ul style="list-style-type: none"> • October 1, 2019 - 1.0% • October 1, 2020 - 1.0% • October 1, 2021 - 0.5% • October 1, 2022 - 1.7% • October 1, 2023 - 3.8% <p>Please note that there is a nominal variation between the effective FRV increase illustrated above compared to a retrospective view of the index for the prior five years due to the use of forecasted values in the FRV adjustment.</p>
14	Explain how you can go back to 2018 (pre-COVID) to determine the trend analysis? SNF cost significantly increased beginning in 2020. Please provide the CPI for New England Medical that computes the 2.5%.	<p>The trend applied projects the calendar year 2022 cost report period to the October 1, 2024, through September 30, 2025, rate period. We reviewed a variety of trend indices, trend periods, and considered potential differences between historical and prospective trends when determining 2.5% was within a reasonable range.</p> <p>The CPI for New England Medical is Series ID CUUR0110SAM: https://download.bls.gov/pub/time.series/cu/cu.data.7.OtherNorthEast</p>

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15	What is the trend using three years – 2020 to 2023?	<p>The CPI for New England, Medical exhibits the following trend rates by year:</p> <ul style="list-style-type: none"> • 2018 - 2019 Trend: 5.7% • 2019 - 2020 Trend: 3.2% • 2020 - 2021 Trend: 0.0% • 2021 - 2022 Trend: 4.1% • 2022 - 2023 Trend: (0.4%) <p>The 2020 to 2023 annualized trend is 1.2%.</p>
16	What basis and support did you use for going back to 2018? Has any state gone back to pre-COVID years?	Please see the response to question 14. Many states use an inflationary adjustment to adjust cost report base data to the rate period. The index and methodology for this adjustment varies by state. Please note that the five year average for the New England Medical CPI is higher than averages over a shorter time span.
17	Additionally, we were led to believe that there would be two separate components to the rate determination process, one relating to the re-array and one that would address the COLA, of which 80% would be passed along to a deserving staff. We were expecting a 6.6% COLA, which factored into our three-year nursing union contract negotiations. During your presentation, we were informed that none of the 14.5% would be required to pass through to staff. The homes with union contracts are already committed to 10/1/24 raises. I suspect the General Assembly may add a pass-through requirement given that it is an election year, and that the unions will be lobbying.	Although not required, facilities may pass through the amount of their choosing from the 14.5% rate increase. If the General Assembly does add a pass through requirement, EOHHS requests that the nursing facility industry and General Assembly work with EOHHS to draft the appropriate technical language to best ensure clarity and implementation.
Rate and Data Requests		
18	<p>Can you please confirm my understanding of what the projected Medicaid rate will be based on the attached Appendix B.</p> <p>Saint Clare 10.1.24 rate will be \$296.70.</p> <p>Saint Antoine 10.1.24 rate will be \$294.93.</p>	The values illustrated in Appendix B of the nursing facility report reflect the direct care, indirect care, and other direct care rates effective October 1, 2024, using a 1.0 RUG score. The fair rental value and property tax component of the rate effective October 1, 2024, will be updated by EOHHS in September 2024. The rate received by these nursing facilities will change based on the updated fair rental value and property tax component of the rates and based on member RUG scores.
19	Please provide raw data of the costs obtained from 2022 cost report for all facilities by cost center. Looking for spreadsheet that lists all facilities and their costs by cost center and totals for each cost center.	The attached "Facility Per Diem Costs" contains an exhibit titled 'Per Diem Costs' that illustrates the 2022 cost report per diem for each rate component by facility. The exhibit titled 'Percentiles' illustrates the 10th through 90th percentile of the per diem cost for each rate component.
20	I would appreciate having the opportunity to review the data used to determine the facilities' per diems as well as to gain understanding of what impact other percentiles would have on rates. Is there a formal process to request this data?	The attached "Facility Per Diem Costs" contains an exhibit titled 'Per Diem Costs' that illustrates the 2022 cost report per diem for each rate component by facility. The exhibit titled 'Percentiles' illustrates the 10th through 90th percentile of the per diem cost for each rate component.