Washington State Department of Social and Health Services

Transforming Lives

REPORT TO THE LEGISLATURE

Transitional Care Center of Seattle Nursing Facility

ESSB 5092 Sec.204(34)

10.2022

Aging and Long Term Support Administration
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Washington State Department of Social & Health Services
Transforming lives

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BACKGROUND

The legislature through ESSB 5092 directed Department of Social and Health Services (DSHS) (department)/Aging Long Term Support Administration (ALTSA) to provide a report on the nursing home services and emergent building costs at the Transitional Care Center of Seattle (TCCS) through FY 2022. The stated purpose of this report is to:

- Provide an itemization of costs associated with providing care services to residents
- Examine the impacts of this facility on clients and providers of the long-term care and medical care sectors of the state by:
    - Analyzing the areas that have realized cost containment or savings as a result of this facility
    - A comparison of individuals transitioned from hospitals to this facility compared to other skilled nursing facilities during this same time period; and
    - Review the impacts of this facility on lengths of stay in acute care hospitals, other skilled nursing facilities and their transitions to home and community based settings.

The department purchased a skilled nursing facility located in Seattle, as part of the statewide response to the COVID-19 crisis and challenges with capacity in our State's acute care hospitals in March of 2020. This skilled nursing facility is named Transitional Care Center of Seattle (TCCS). DSHS then contracted with EmpRes Healthcare Management to renovate and operate the facility as EmpRes has a long history of successfully operating skilled nursing and assisted living facilities across the western United States and has experience in Washington serving individuals with complex needs.

METHODOLOGY

Nursing Facility Rates

The Nursing Facility base daily rate methodology is primarily based on the reported industry-wide costs of two main components, direct care and indirect care. Additionally, there are two components that are facility specific, capital and quality incentive. The direct care component is calculated by taking 111% of the statewide median direct care median and performance-adjusting for acuity (case mix) and regionally adjusting for countywide wage index information at the facility level. The 111% reflects the wage equity initiative from the 2022 session. The indirect care component is paid at 90% of the industry median cost.

Because of the enhanced services offered at TCCS, the Department created an enhanced rate that sits on-top of the base daily rate for TCCS. This rate was calculated based on the direct care cost reported from other facilities providing services beyond those covered by the base daily rate. The additional $637 a day will be recalculated with 2022 cost information. This will allow the Department to establish a rate consistent with the additional costs incurred for the services provided at TCCS.

Nursing Facility Costs

Cost Reports are submitted to the Office of Rates Management by Nursing Facilities each year and are used to determine the median cost of care (direct and indirect) that will form the majority of each facility's daily rate. The cost reports are examined by Cost Reimbursement Analysts to determine if reported costs are allowable according to Chapter 74.46 RCW and Chapter 388-96 WAC and are necessary, ordinary, and related to patient care. Beyond these evaluations, the Department does not

review reported costs through the lens of business practices or the distribution of that spending, provided it meets the criteria above. The current structure of the enhanced TCCS rate will be fully captured beginning with the 2022 cost reports, so the Department will have facility specific information to estimate the costs attributed to the care of this specialized Medicaid population.

Nursing Facility Case Management:

Nursing facilities are required to notify the department when a Medicaid resident admits or discharges from the facility, and when there is a status change, such as when a resident may convert to Medicaid coverage or Hospice Services during their stay. Upon notification, the individual is assigned a Nursing Facility Case Manager (NFCM) with Home and Community Services (HCS). The NFCM works actively with individuals from the point of admission to achieve the client's community transition goals and potential. This includes meeting face-to-face with clients early in their admission and working with families and staff at the facility to advocate that therapies, treatments and training is provided. The goal is for clients to receive services in the least restrictive setting that meets the client's care needs while honoring client choice and preference.

ANALYSIS

Nursing Facility Renovation and Services Costs

TCCS building renovations began in April of 2020. TCCS began slowly admitting residents upon nursing facility licensure in mid-September 2020, see appendix A for the Nursing Facility Services repair and renovation expenditures. The facility was approved for Medicare and Medicaid certification in late December of 2020 which enabled dual eligible billing for nursing facility services in January 2021. Once able to bill for Medicare and Medicaid, admissions to the facility markedly increased. After several months of admissions and systems review, unforeseen challenges were encountered that had not been addressed in the existing service contract with the operator. This was due to the novelty of this specialized nursing facility contract; and the emergent nature in which the facility was executed in response to the pandemic. An updated DSHS service contract was finalized in November of 2021 which better estimated scope and cost of the direct care and management of the care in this center. The analysis of cost reports for 2021 and 2022 will inform data driven alterations in the ongoing services contract with this operator as we transition out of project set up and into maintenance of services. Detailed Medicaid review and census reports can be found in appendix B which reflect this change in Medicaid nursing facility service expenditures. Cost report summaries for 2021 and the first two quarters of 2022 direct care cost reports can be found in appendix C.

Since Center for Medicare and Medicaid Services (CMS) certification, the facility has been steadily increasing its dual eligible (Medicare/Medicaid) census on the first two resident floors and expanding the medical acuity and case mix of their resident population, see appendix D. Though this facility is Medicaid contracted for 150 beds, the total bed capacity was estimated to be 130 residents, due to this specialized population. As only the first two floors are occupiable, the bed capacity is currently limited to 85 residents through June 2023. A third resident floor renovation is scheduled for completion in July 2023, which will enable additional direct admissions of dual eligible residents with care complexities from acute hospital settings. From January 2021-June 2022 TCCS admitted 154 individuals.

Reduction in Hospital Average Length of Stay

ALTSA has been reviewing the volume of hospital referrals to HCS for support with transition planning since January 2020. The statewide average length of stay (LOS) for individuals hospitalized in August 2022 was 40 days. This LOS is 18% lower than it was at the beginning of the COVID pandemic. There is a correlation in the decrease in the hospital average LOS and TCCS dual eligible admissions. (See Figure 1.)

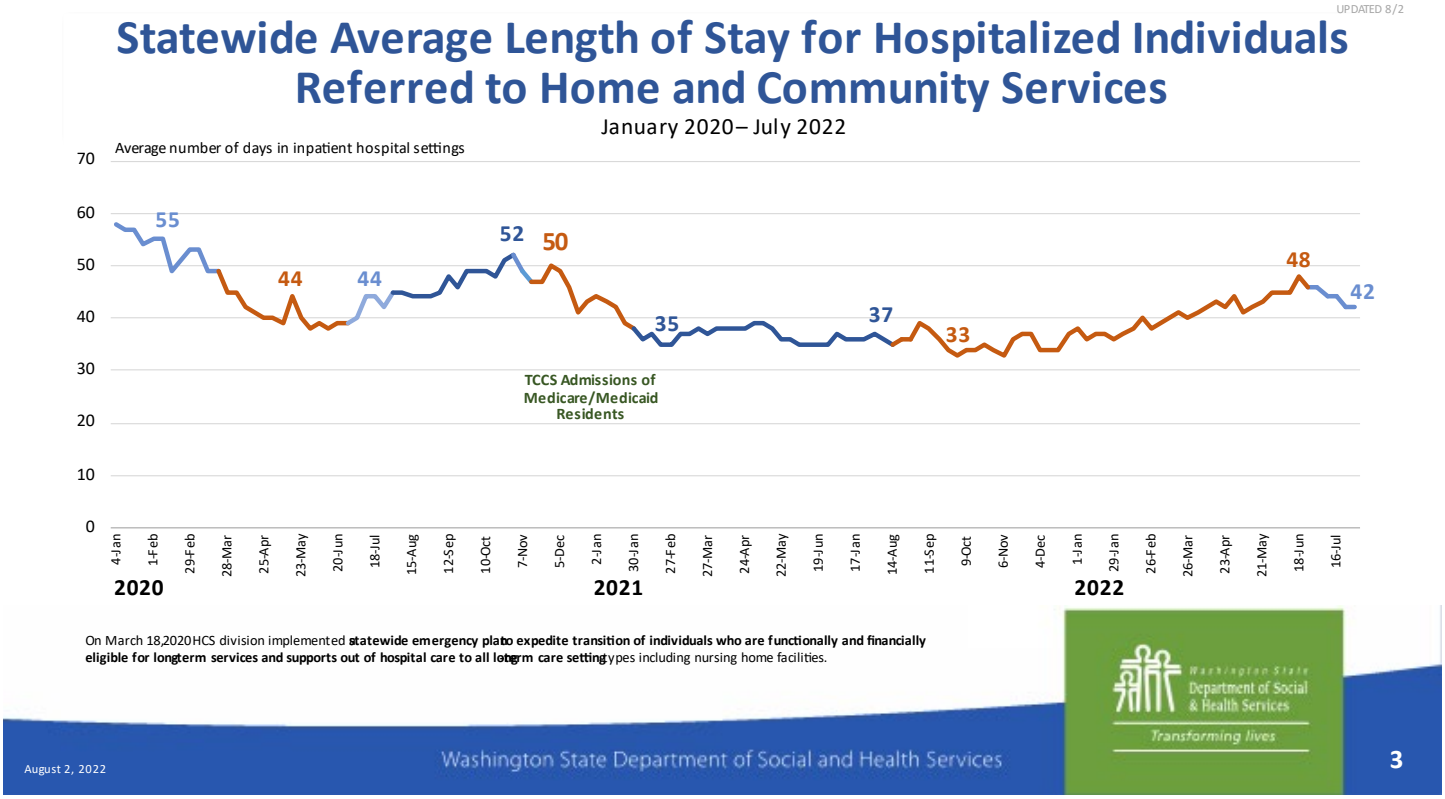

Figure 1

The weekly average number of individuals who remain hospitalized 60 days or more from the date of referral to HCS comprises an averaged 21% of the overall Hospital Case Manager caseload in FY 2022. This population is referred to as the Long Length of Stay (LLOS) group and generally requires specialized settings and skilled staff who can navigate the system of care to transition someone with complex and multi-system needs. The legislature has made significant investments in building capacity to provide services for individuals with advancing dementia and those exhibiting behaviors related to advancing dementia, therefore, the TCCS physical plant and admission prioritization were not targeting this population. However, as HCS focused on supporting those dual eligible patients with the longest hospital length of stays, providing nursing facility services for those with bariatric care needs became an increasingly encountered characteristic. Many of the clients with LLOS faced multi-faceted barriers such as complex behavioral health challenges, medical complexity to include the need for hemodialysis and multiple wound care treatments, and bariatric care where an individual's weight requires specialty equipment. The collaborative relationship between TCCS and HCS continues to work towards identifying and mitigating barriers for admission, administering care and transitioning to home and community based services as additional complexities are identified. For those who are dual eligible, TCCS provides an individual who is difficult to transition with an appropriate post-acute care setting, see Figure 2.

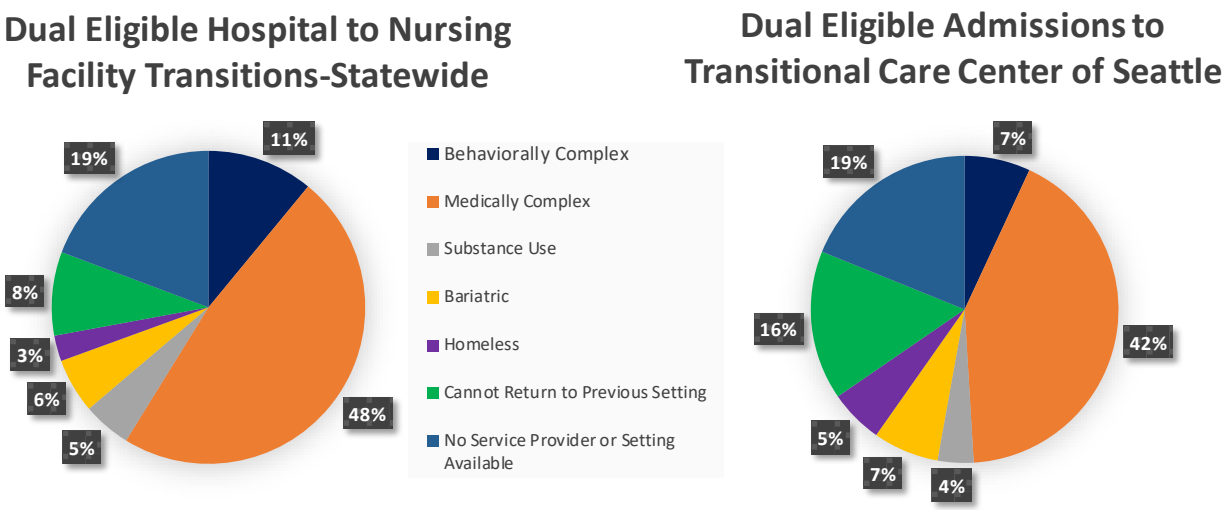

Figure 2

Nursing Facility Case Management and Relocation Activities:

Upon admission into TCCS, residents are assigned a NFCM with HCS. As this facility is a statewide resource, there are currently case managers assigned to residents from two of the three administrative regions. Facility staff and HCS partnered to establish systems of communication and information exchange on resident care needs, limitations, preferences, and transition goals. The complexity of these residents' needs requires intensive NFCM time, skill building and cross system coordination.

On average, residents of TCCS who have transitioned to community settings have had shorter length of skilled nursing facility (SNF) stays than residents of other nursing facilities. For a comparison of SNF residents' length of stay (LOS) who have transitioned to community settings, see Figure 3.

Year/Quarter	TCCS	Other King County SNFs	All King County SNFs	Statewide Average
2021 Q1 & Q2	88 Days	151 Days	150 Days	169 Days
2021 Q3 & Q4	158 Days	186 Days	185 Days	153 Days
2022 Q1 & Q2	129 Days	219 Days	215 Days	171 Days

Figure 3

CONCLUSION

TCCS is a licensed SNF resource that specializes in supporting transitions of a complex population of dually eligible (Medicaid-Medicare) beneficiaries out of acute care hospitals. It provides a resource for individuals who have or likely would otherwise experience long length of hospital stays due to discharge barriers including medical and behavioral complexity and other conditions which make it difficult for them to transition to alternative settings. This added capacity is helping to decrease long lengths of stay in acute care hospitals statewide. In addition, targeted discharge planning for clients admitted to TCCS begins upon admission and early data shows TCCS clients spend less time in the facility before discharging to a community setting.

Though there were unanticipated challenges which delayed the admission of dual eligible hospital residents, the facility is supporting the Home and Community Services mission and objectives to support

people transitioning from acute care hospitals to services in their homes or communities, and support people to transition from nursing homes to care in their homes or communities. The department will continue to closely monitor TCCS admission flow and assist the facility in identifying prospective service expansion and targeted relocation supports as a means to maximize hospital bed capacity and reduce hospital length of stay.

Appendix A: Transitional Care Center of Seattle Renovation and Services Expenditures

Transitional Care Center of Seattle Total Costs				
	FY20	**FY21**	**FY22**	**Total**
Maintenance	$ 10,985	$ 1,035,709	$ 645,889	$ 1,692,583
Building Repair	$ 3,464,995	$ -	$ -	$ 3,464,995
Lease Revenue	$ -	$ (52,800)	$ (650,373)	$ (703,173)
Bed Readiness	$ -	$ 1,702,128	$ 852,448	$ 2,554,576
Nursing Facility Care	$ -	$ 2,192,777	$ 13,274,483	$ 15,467,261
Totals by Fiscal Year	$ 3,475,980	$ 4,877,815	$ 14,122,447	$ 22,476,241

Appendix B: Medicaid Revenue and Census Report

Date	Billed Days	Billed Dollars	Paid Days	Paid Dollars
1/1/2021	309	$161,193.00	309	$150,548.92
2/1/2021	493	$251,469.00	493	$239,005.63
3/1/2021	721	$340,405.00	721	$310,374.26
4/1/2021	1,040	$438,646.00	1,040	$399,580.03
5/1/2021	1,320	$568,098.00	1,320	$525,067.75
6/1/2021	1,251	$539,637.00	1,251	$497,234.96
7/1/2021	1,107	$483,759.00	1,107	$446,952.46
8/1/2021	933	$407,721.00	933	$373,072.21
9/1/2021	778	$339,986.00	778	$312,583.31
10/1/2021	926	$404,662.00	926	$369,496.70
11/1/2021	1,109	$1,031,602.89	1,109	$993,783.71
12/1/2021	1,290	$1,199,970.90	1,290	$1,153,513.29
1/1/2022	1,329	$1,211,176.98	1,329	$1,153,210.92
2/1/2022	1,493	$1,364,350.06	1,493	$1,308,371.15
3/1/2022	1,941	$1,774,823.70	1,941	$1,708,735.43
4/1/2022	2,020	$1,829,659.01	2,020	$1,754,767.87
5/1/2022	2,189	$1,977,358.45	2,189	$1,897,924.42
6/1/2022	2,079	$1,884,777.99	2,079	$1,803,351.27
Totals	**22,328**	**$16,209,295.98**	**22,328**	**$15,397,574.29**

It should be noted that not all figures above are mature data. Medicaid providers have 12 months to submit Medicaid Claims.

Appendix C: Cost per Patient Day 1/1/2021-12/31/2021

COST CENTER	REPORTED	"Final Settlement Only" EXAM ADJUSTMENT	ALLOWABLE
	COSTS	COST	COST (COL 1 + COL 2)
	(1)	(2)	(3)
Direct Care + TCCS ADDITIONAL COSTS	$9,086,433	$0	$9,086,433
Indirect	$1,858,944	$0	$1,858,944
TOTAL	$10,945,377	$0	$10,945,377
RATES	RATE A	RATE B	RATE C
	(1)	(2)	(3)
Effective Date	01/01/21	04/01/21	07/01/21
Direct Care	$183.69	$183.69	$188.34
Indirect	$52.16	$52.16	$53.15
Fair Market Rental	$14.77	$14.77	$15.79
Quality Enhancement	$0.00	$0.00	$0.00
Quality Enhancement#2	$0.00	$0.00	$0.00
Minimum Wage Add-On	$0.76	$0.76	$0.76
Inflation Add-On	$0.00	$0.00	$3.84
COVID-19 Add-On	$8.30	$8.33	$8.33
Safety Net Add-on	$23.00	$23.00	$23.00
TOTAL	$282.68	$282.71	$293.21
Paid Medicaid	1513	3611	6085
Patient days			
RATE TIMES			
PATIENT DAYS			
Direct Care	$277,923	$663,305	$1,146,049
Indirect	$78,918	$188,350	$323,418
Fair Market Rental	$22,347	$53,334	$96,082
Quality Enhancement	$0	$0	$0
Quality Enhancement#2	$0	$0	$0
Minimum Wage Add-On	$1,150	$2,744	$4,625
Inflation Add-On	$0	$0	$23,366
COVID-19 Add-On	$12,558	$30,080	$50,688
Safety Net Add-on	$34,799	$83,053	$139,955
TOTAL	$427,695	$1,020,866	$1,784,183

Calendar Year 2022 Quarter 1

DIRECT CARE ENHANCED COSTS FOR CLASS CODE 91

	DC Enhanced Cost Description			Allowable Enhanced Cost
5414.50	OFFICE PURCHASED SVCS	8-88-8350-0-0	Security Service	97,200
5439.00	MISC LEASE EXPENSE	9-89-9204-0-0	Water dispenser	3,582
G-5 #26	**Re-class % of Nursing wages/benefits to Mental Health based on % Mental Health census from Revenue/Census Report**			
5111.15	Mental Health Salaries and Wages			1,228,025
6301.00	Mental Health Payroll Taxes			112,959
6300.00	Mental Health Fringe Benefits			68,581
			1Q TOTAL	**1,510,347**

Calendar Year 2022 Quarter 2

DIRECT CARE ENHANCED COSTS FOR CLASS CODE 91

	DC Enhanced Cost Description			Allowable Enhanced Cost
5414.50	OFFICE PURCHASED SVCS	8-88-8350-0-0	Security Service	65,880.00
5439.00	MISC LEASE EXPENSE	9-89-9204-0-0	Water dispenser	-
G-5 #26	**Re-class % of Nursing wages/benefits to Mental Health based on % Mental Health census from Revenue/Census Report**			
5111.15	Mental Health Salaries and Wages			1,588,583
6301.00	Mental Health Payroll Taxes			141,699
6300.00	Mental Health Fringe Benefits			91,136
			2Q TOTAL	1,887,298

Appendix D: Transitional Care Center of Seattle Census Growth