

FINAL BILL REPORT

HB 2042

C 3 L 13

Synopsis as Enacted

Brief Description: Modifying the nursing facility medicaid payment system by delaying the rebase of certain rate components and extending certain rate add-ons.

Sponsors: Representatives Cody, Hunter and Sullivan.

House Committee on Appropriations
Senate Committee on Ways & Means

Background:

The Washington State Medicaid (Medicaid) program includes long-term care assistance and services provided to low-income individuals. It is administered by the state in compliance with federal laws and regulations and is jointly financed by the federal and state government. The federal funds are matching funds, and are referred to as the Federal Financial Participation (FFP), or the Federal Medical Assistance Percentage (FMAP). The FMAP is calculated based on average per capita income and is usually between 50 and 51 percent for Washington. Typically, the state pays the remainder using the State General Fund. Clients may be served in their own homes, in community residential settings, and in licensed nursing homes.

The Medicaid nursing home payment system is administered by the Department of Social and Health Services (DSHS). The Medicaid rates are unique to each facility and are generally based on the facility's allowable costs, occupancy rate, and client acuity (called the "case mix"). The nursing home payment rates are based on calculations for six different components: direct care, therapy care, support services, operations, property, and a financing allowance. Rate calculations for non-capital components (direct care, therapy care, support services, and operations) are based on actual facility cost reports and are typically updated biennially in a process known as rebasing. The capital components (property and financing allowance) are also based on actual facility cost reports but are rebased annually.

The direct care rate component represents approximately 50 percent of the total nursing facility payment and includes payment for direct care staff wages and benefits, non-prescription medication, and medical supplies. This component is based on the case mix. The federal government requires use of the Minimum Data Set (MDS), which captures client

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data. Semi-annually, the DSHS reviews this data and adjusts facility payments based on the patient acuity of the clients being served.

The nursing facility payment system also incorporates several add-on rate adjustments. They include adjustments for facilities serving higher acuity clients since June 30, 2010 (acuity add-on) and for facilities with rates that are lower than the June 30, 2010, payment level (comparative add-on).

Summary:

The rebase of non-capital nursing home rate components, as well as the implementation of a more recent version of the Minimum Data Set, is delayed from July 1, 2013, to July 1, 2015. Two rate add-ons, the comparative add-on and the acuity add-on, are scheduled to expire on June 30, 2015, instead of June 30, 2013.

Votes on Final Passage:

House 88 8

First Special Session

House 84 9

Second Special Session

House 76 10

Senate 41 7

Effective: July 1, 2013