

## **PUBLIC NOTICE**

### **Department of Health Services (Medical Assistance Reimbursement of Nursing Homes) State of Wisconsin Medicaid Nursing Facility Payment Plan: July 1, 2014 through June 30, 2015**

The State of Wisconsin reimburses Medicaid-certified nursing facilities for long-term care and health care services provided to eligible persons under the authority of Title XIX of the Federal Social Security Act and ss. 49.43 to 49.47, Wisconsin Statutes. This program, administered by the State's Department of Health Services, is called Medical Assistance (MA) or Medicaid. Federal Statutes and regulations require that a state plan be developed that provides the methods and standards for setting payment rates for nursing facility services covered by the payment system. A plan that describes the nursing home reimbursement system for Wisconsin is now in effect as approved by the Centers for Medicare and Medicaid Services (CMS).

The Department is proposing changes in the methods of payment to nursing homes and, therefore, in the plan describing the nursing home reimbursement system. The changes proposed would be effective July 1, 2014.

The proposed changes would update the payment system and make various payment-related policy changes. Some of the changes are necessary to implement various budget policies enacted in the Wisconsin 2013-2015 Biennial Budget, and update the payment system and methodology. Some of the changes are technical in nature; some clarify various payment plan provisions.

The estimated net decrease in annual aggregate expenditures attributable to these changes for skilled nursing homes serving MA residents is approximately \$(5,752,226) (All Funds), or \$(3,363,327) (FFP), excluding patient liability.

The proposed changes are being implemented to comply with Wisconsin Statutes governing Medicaid payment systems, particularly s. 49.45 (6m), Wis. Stats. This notice represents information known as of June 23, 2013. The changes may be modified by later legislative mandates.

The proposed changes are as follows:

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1. Modify the methodology to adjust the reimbursement for nursing homes within the parameters of 2013-2015 Biennial Budget Bill. These parameters are divided into two parts. First, the Department will disburse the additional \$12,656,794 AF (\$7,400,428 FFP) that was appropriated to fund an assumed acuity increase of approximately 2.0% for nursing homes. Second, the number of Medicaid-funded patient days is projected to decline, which generates the overall funding decrease identified above. These modifications will include adjustments to the maximums, per diems, and other payment parameters in Sections 5.400, 5.500, 5.700, 5.800 and 5.900, the inflation and deflation factors in Section 5.300, and targets in Sections 3.000 and 5.000.
2. The methodology will factor in the effect on patient liability of the cost of living adjustment (COLA) increases in Social Security and Supplemental Security Income programs, effective January 1, 2014.
3. Potentially incorporate changes into the Behavioral/Cognitive Impairment Incentive, as a result of further study the Department is carrying out in this area.
4. Potentially incorporate changes into the rate for ventilator-dependent residents under Section 4.691, as a result of further study the Department is carrying out in this area.
5. Revise the approach to calculating the acuity-based rate adjustment by establishing a facility-specific case mix index using RUGS scores for the entire quarter, rather than a single "picture date" at the end of each quarter, as described in the following revisions to Sections 2.140, 2.145, 4.720, 5.421, and 5.422.
6. Revise Section 3.526(b) to clarify criteria for the allowability of refinancing.
7. Revise Sections 1.250 and 1.253 to create a "Family Business Inheritance" exception to the prohibition on related party transactions, when that exception would be cost-neutral or result in savings to the MA program.
8. Revise Section 3.520 to clarify that costs associated with vacant building space are not allowable.
9. Revise Section 3.655 to clarify the survivability of a property incentive after a change of ownership or a change in project design.

10. Update the Reporting Period and Dates Available in Sections 4.720, 5.421, and 5.422
11. Modify contact names and addresses, as necessary.
12. Modify references to previous years for descriptive reasons, and correct typographical errors as necessary.
13. Modify the labor factors listed in Section 5.410.
14. Modify the case mix weight listed in Section 5.420.
15. Change the dates of the definitions of base cost reporting period.
16. Make any potential changes required by findings of an ongoing federal audit of ICF-IID rate-setting by the Office of Inspector General of the Department of Health and Human Services.
17. Make any potential changes to individual county assignments to labor regions, as required by Wisconsin law.

**Copies of the Proposed Changes:**

Copies of the available proposed changes and proposed rates may be obtained free of charge by writing to:

Division of Long Term Care  
Bureau of Financial Management  
Attention: Nursing Home Medicaid Payment Plan  
P.O. Box 7851  
Madison, WI 53703-7851

or by faxing Dave Varana at 608-266-2713.

**Written Comments/Meetings:**

Written comments on the proposed changes may be sent to the Division of Long Term Care, at the above address. The comments will be available for public review between the hours of 7:45 a.m. and 4:30 p.m. daily in Room B274 of the State Office Building, 1 West Wilson Street, Madison, Wisconsin. Revisions

may be made in the proposed changes based on comments received. There will also be public meetings to seek input on the proposed plan amendment. If you would like to be sent a public meeting notice, please write to the above address. Revisions may, also, be made in the proposed changes based on comments received at these forums.