

## PROGRAM DESCRIPTION

Department: Social Services

HB Section(s): 11.730

Program Name: Nursing Facility

Program is found in the following core budget(s): Nursing Facility

### 1a. What strategic priority does this program address?

Ensure adequate supply of nursing facilities for MO HealthNet participants

### 1b. What does this program do?

This program provides reimbursement to nursing facilities for the care of MO HealthNet participants. Providers are reimbursed for MO HealthNet participants based on the participants' days of care multiplied by the facility's Title XIX per diem rate less any patient surplus (i.e., funds contributed by the participant). A per diem rate is established for each nursing facility by the Institutional Reimbursement Unit (IRU) of the MO HealthNet Division (MHD) utilizing a prospective reimbursement system. A prospective rate is established on a particular cost report year and may be adjusted in subsequent years for various items, such as acuity adjustments, quality measures, or global per diem adjustments granted to the industry as a whole.

Rates may be recalculated on a more recent cost report year, which is referred to as rebasing. Nursing facility reimbursement is being transformed in FY 23 by rebasing nursing facility rates and modifying the reimbursement methodology. The primary changes from the current reimbursement methodology include rebasing the cost base for the rates using 2019 cost report data trended to FY 23, applying an acuity adjustment or Case Mix Index (CMI) to patient care costs, providing quality based incentives or Value Based Purchasing (VBP) add-ons to the rate when the facility meets specified quality measures, and including a Mental Illness (MI) Diagnosis Add-On rate. Rates will be adjusted each January and July for updated CMIs, VBP quality measures, and MI criteria, and will be adjusted each July for capital expenditures. The per diem rate is paid from both the Nursing Facility budget section and the Nursing Facility Reimbursement Allowance (NFRA) budget section.

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### Rate History

Rate adjustments are funded with General Revenue (GR), General Revenue Equivalents (GRE), and NFRA.

The following are the most recent GR/GRE funded rate adjustments from the Nursing Facility (NF) budget section and the NFRA funded adjustments from the NFRA budget section:

SFY	Weighted Avg.	Adjustment	Source
2023	\$187.98	\$14.82	GR from NF Approp (Effective for dates of service beginning 7/1/22) - The "Adjustment" is the average estimated increase in rebased rates over the average SFY 2022 rate which includes the \$10.18 rate increase. Implementation of the SFY 2023 rates is pending approval from the Centers for Medicare & Medicaid Services (CMS).
2022	\$173.16	\$10.18	GR from NF Approp (Effective 7/1/21-6/30/22) - The SFY 22 rate increase is a one-time increase for costs associated with the COVID-19 public health emergency. This rate adjustment corresponds to the appropriation granted in the SFY 22 budget approved by the Governor.
2021	\$162.98	(\$0.12)	GR from NF Approp (Effective 7/1/20) - The SFY 20 rate increase of \$1.61 was reduced to \$1.49 in SFY 21 because the appropriation will be expended over 12 months rather than 11 months as was done in SFY 20.)
2020	\$163.10	\$1.61	GR from NF Approp (Effective 8/1/19-6/30/20) - The increase in the SFY 20 nursing facility appropriation was expended over 11 months during SFY 20 because the per diem increase was not effective until 8/1/19.)
	\$161.49	(\$0.75)	GR from NF Approp (Effective 7/1/19) - The SFY 19 supplemental increase of \$1.29 was reduced to \$0.54 for SFY 20 because the appropriation will be expended over 12 months rather than 5 months as was done in SFY 19.)
2019	\$162.24	\$9.12	GR from NF Approp

### Hospice Room and Board

Increases/Decreases to nursing facility and HIV nursing facility per diem rates also impact the hospice program. Hospice providers that furnish services to MO HealthNet participants residing in a nursing facility will be reimbursed 95% of the nursing facility's per diem rate for room and board, pursuant to 13 CSR 70-50.010 and 1902(a)(13) of the Social Security Act.

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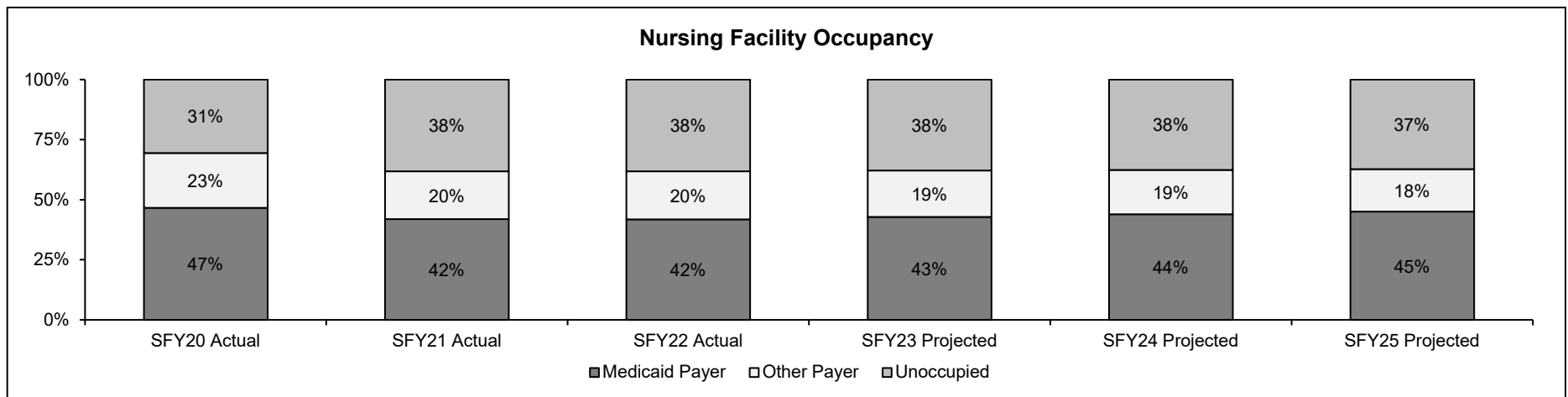
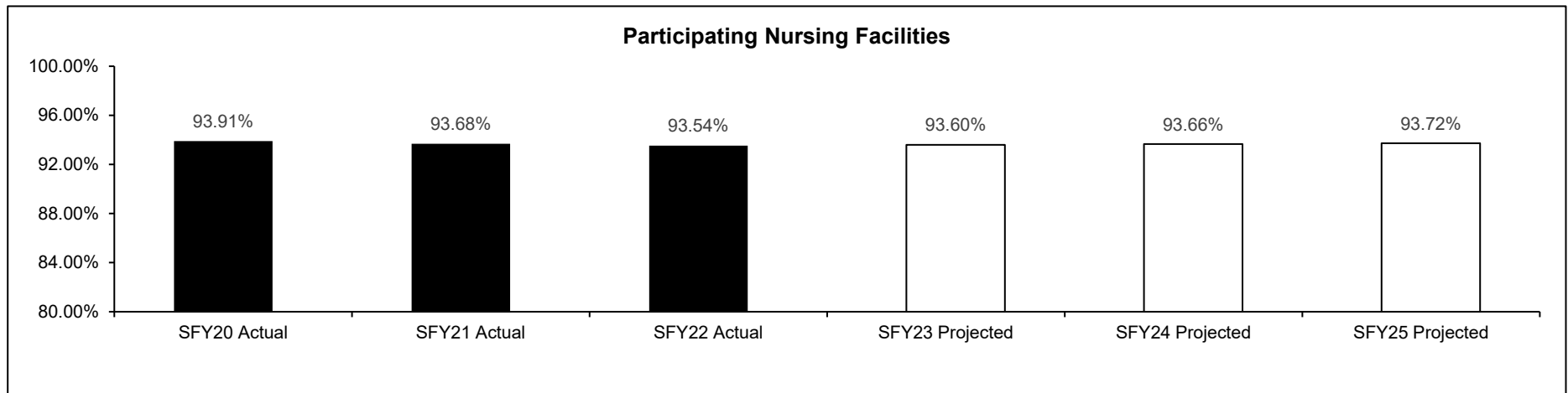
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### 2a. Provide an activity measure(s) for the program.

As of June 2022, 492 facilities were enrolled in the MO HealthNet program, representing a 93.54% participation rate and ensuring access to quality nursing facility services for MO HealthNet participants.



**Note:** Based on information provided through the Certificate of Need Survey Summary

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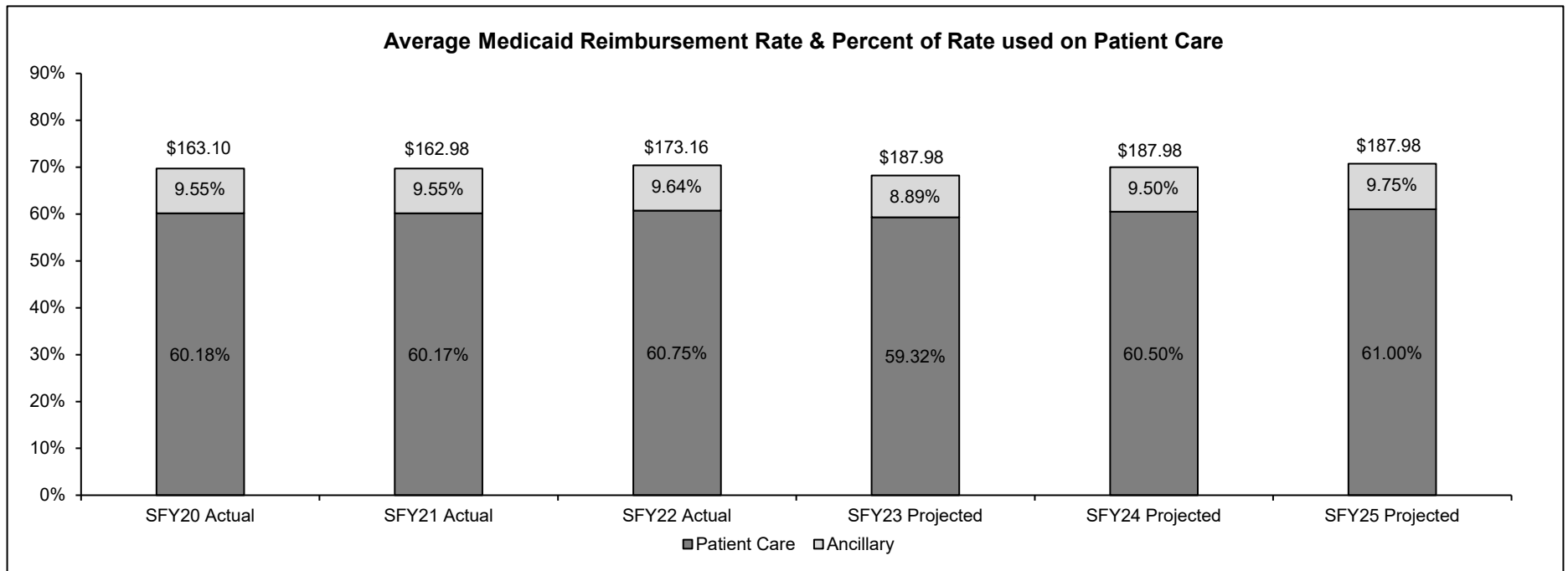
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### 2b. Provide a measure(s) of the program's quality.

The nursing facility reimbursement methodology targets and encourages quality patient care. In the past three state fiscal years, nearly 70% of the average Medicaid reimbursement rate is related to patient care, with more than 60% being direct patient care services and more than 9% being ancillary services which includes therapies, dietary, housekeeping, etc.



**Note:** In SFY23, nursing facility rates were rebased using 2019 cost data and the reimbursement system was transformed to include acuity adjustments to the patient care cost component, Value Based Purchasing (VBP) Incentives, and a Mental Illness (MI) Diagnosis Add-On. Projections for VBP (.70%) and MI (.45%) are included in Patient Care since those items target quality patient care. Due to the rebasing in SFY23, there was a re-alignment of the rate components but the division anticipates the percentage of patient care to gradually increase as a result of the acuity adjustments which encourage facilities to accept participants requiring a higher level of care.

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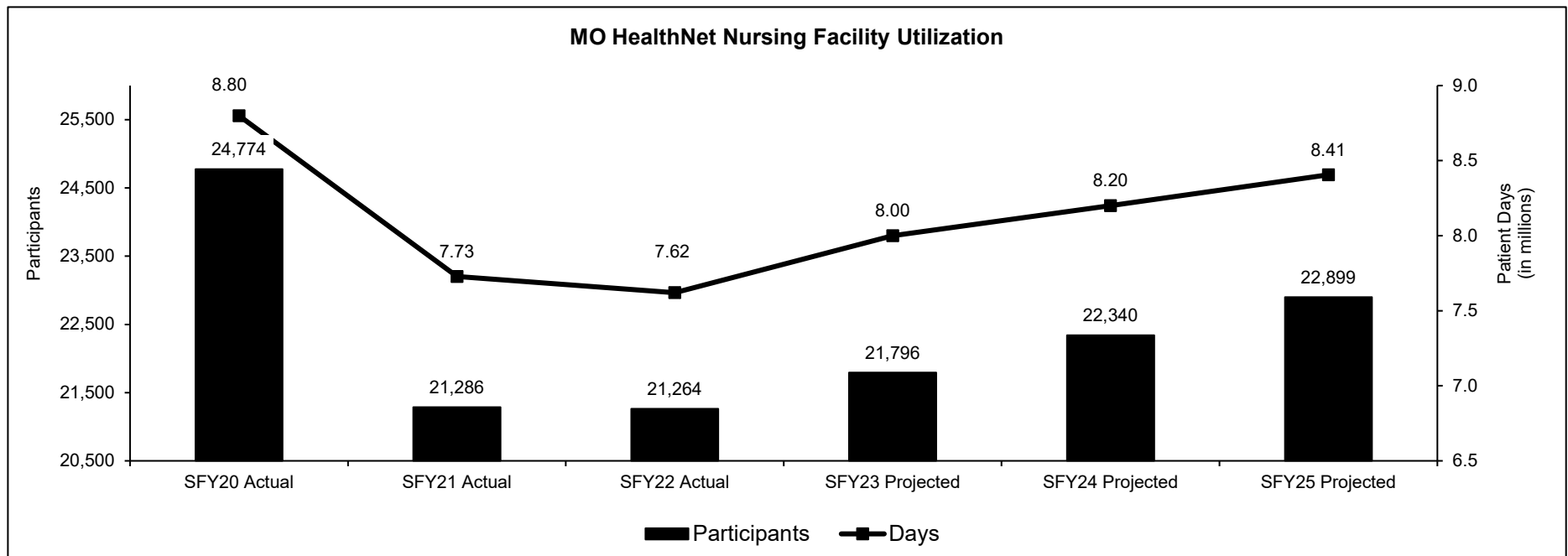
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### 2c. Provide a measure(s) of the program's impact.

Certified nursing facilities are subject to inspections by the Department of Health and Senior Services to ensure compliance with regulations and are cited for deficiencies. Surveyors assess both the process and the outcomes of nursing facility care for 175 different requirements across 8 areas.



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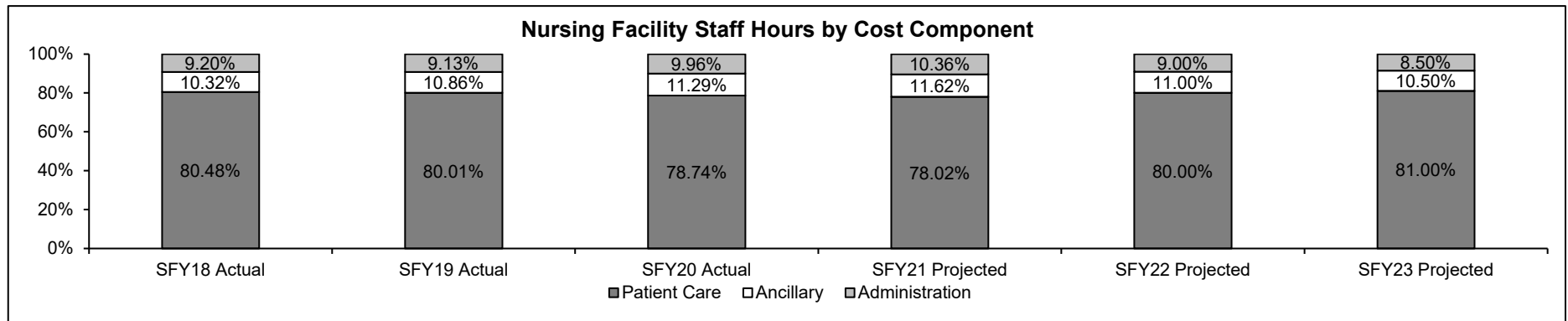
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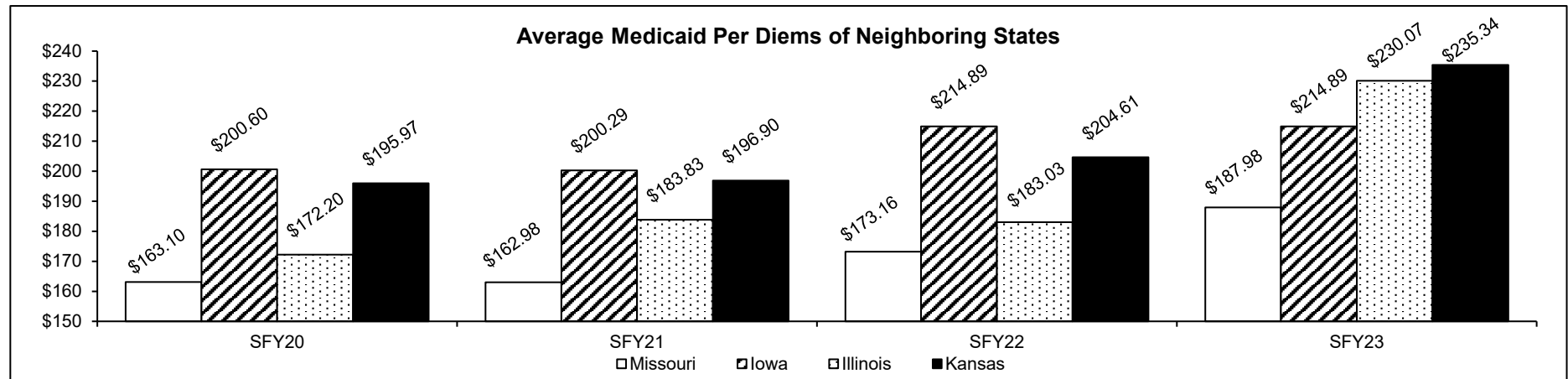
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### 2d. Provide a measure(s) of the program's efficiency.

The reimbursement under this program targets and encourages quality patient care through its reimbursement. The focus of the reimbursement on direct patient care is directly reflected here with over 78% of staff hours being spent on direct patient care, per the data from facility cost reports.



**Note:** SFY20 is the latest full year of cost reports completed. Future years will be updated as information is available.



**Note 1:** Beginning rates used to calculate average reimbursement in previous years data was updated for consistency.

**Note 2:** Missouri has enrolled a sufficient number of providers to ensure access to care for nursing facility services. Compared to surrounding states, there are a greater percent of vacant beds in Missouri than nationally.

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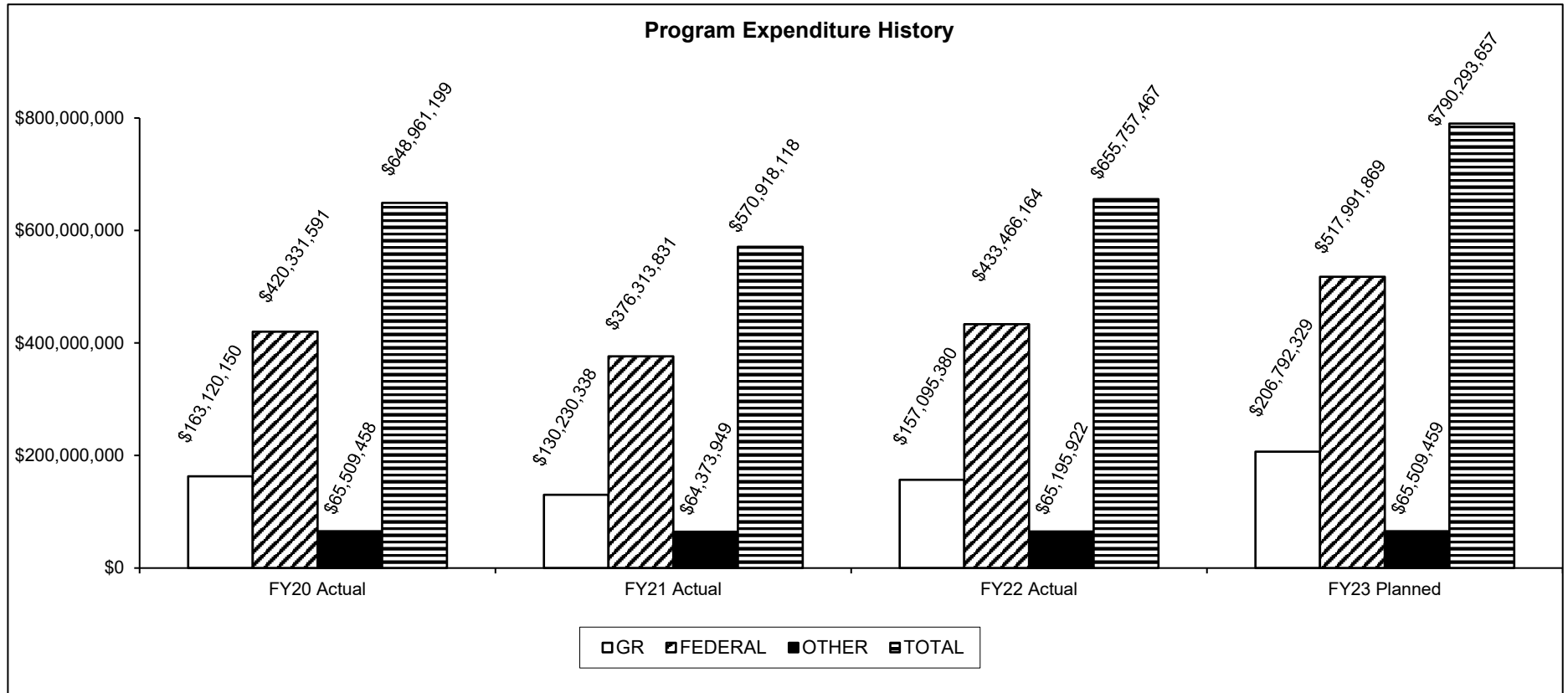
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3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)



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**4. What are the sources of the "Other " funds?**

Uncompensated Care Fund (0108), Third Party Liability Collections Fund (0120)

**5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)**

Federal Law: Social Security Act Section 1905(a)(4). Federal Reg: 42 CFR 440.40 and 440.210. State Statute: Sections 208.152, 208.153, 208.159, and 208.201, RSMo.

**6. Are there federal matching requirements? If yes, please explain.**

The FMAP (Federal Medical Assistance Percentage) fluctuates annually based on state and national economic and population data, but generally the state matching requirement is around 35% and the federal match is around 65%.

**7. Is this a federally mandated program? If yes, please explain.**

Yes, 42 CFR 440.40 and 440.210 mandate this program for participants over age 21.