



# Nursing Home Funding Update

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*Joint Committee on Appropriations*

*December 5, 2023*

# 2023 Legislative Session



\$49 million infused into nursing home rates



Funding allowed rates to be set at 100% of the targeted rate



25% average projected rate increase across facilities



Updated methodology to allow for a sustainable path forward

# Methodology Changes

- ✓ Rebase using 2021 Costs + Inflationary Increases
- ✓ Implement Patient-Driven Payment Model
- ✓ Remove Occupancy Rule from Direct Care
- ✓ Adjust Overall Rate Increase Limit
- ✓ Use Nursing Facility Market Basket Instead of Consumer Price Index

State	Rate Effective Date	Average Rate	High Rate	Low Rate	Average Inflated to 7/1/23
North Dakota	07/01/2022	\$360.14	\$498.50	\$275.62	\$369.97
South Dakota (New)	07/01/2023	\$259.07	\$337.17	\$171.22	\$259.07
Arkansas	07/01/2021	\$235.26	\$460.00	\$152.94	\$250.07
Nebraska	07/01/2021	\$234.86	\$290.89	\$169.55	\$249.65
Kansas	07/01/2022	\$235.35	\$356.91	\$108.03	\$241.77
Iowa	07/01/2022	\$213.62	\$370.58	\$140.58	\$219.45
Montana	07/01/2022	\$211.84	\$214.98	\$208.71	\$217.62
South Dakota (Old)	07/01/2022	\$206.74	\$276.36	\$147.73	\$212.38
Wyoming	07/01/2022	\$197.24	\$225.78	\$169.38	\$197.24
Oklahoma	07/01/2021	\$183.61	\$224.05	\$162.00	\$195.17
Missouri	07/01/2021	\$173.12	\$351.40	\$154.58	\$184.02

# Total Reimbursements

Millions

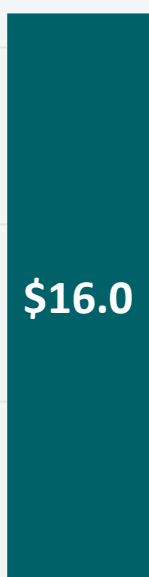
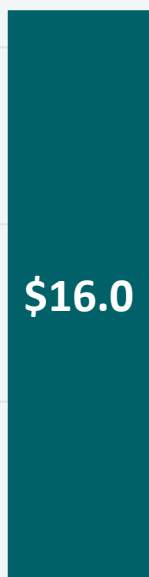
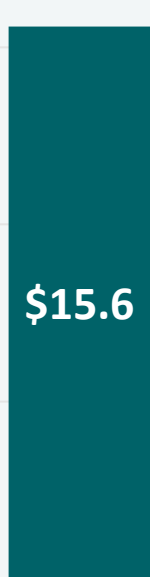
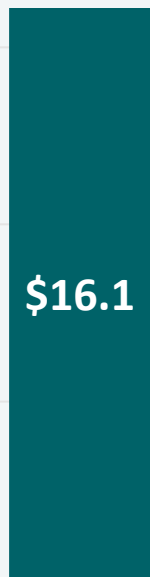
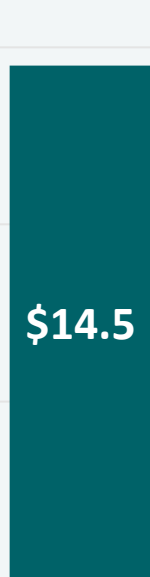
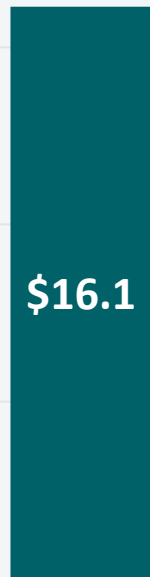
\$20.0

\$15.0

\$10.0

\$5.0

\$0.0



Jan

Feb

Mar

Apr

May

Jun

Jul

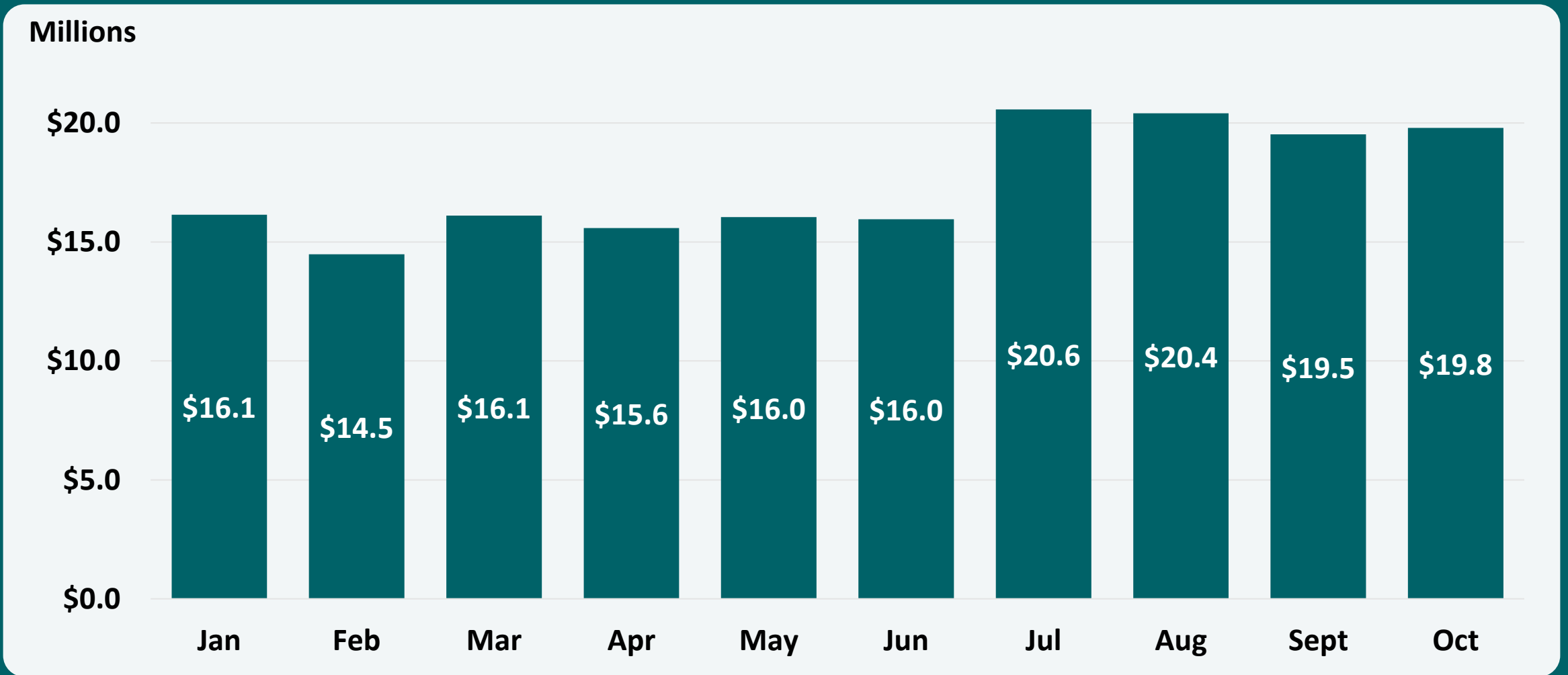
Aug

Sept

Oct

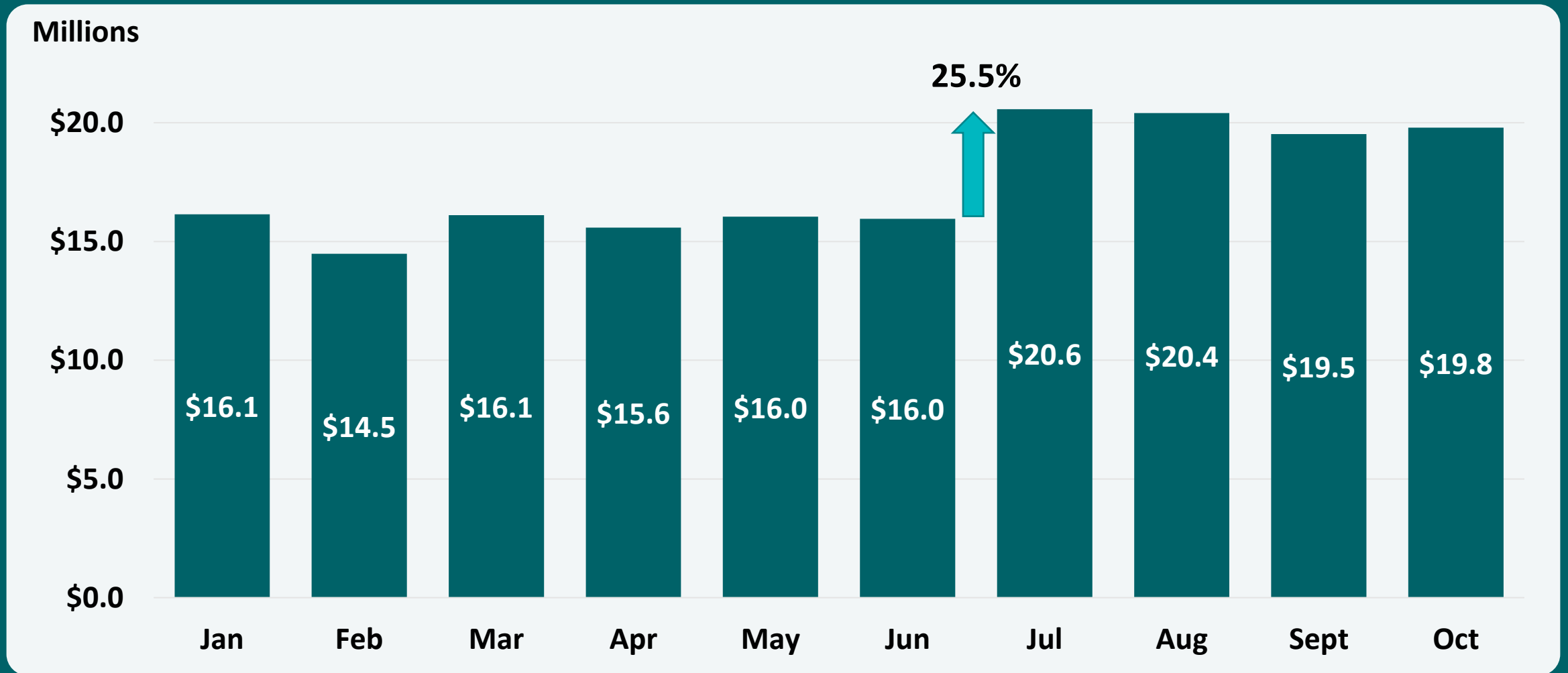
*Figures will change, as providers have up to six months to bill for services.*

# Total Reimbursements



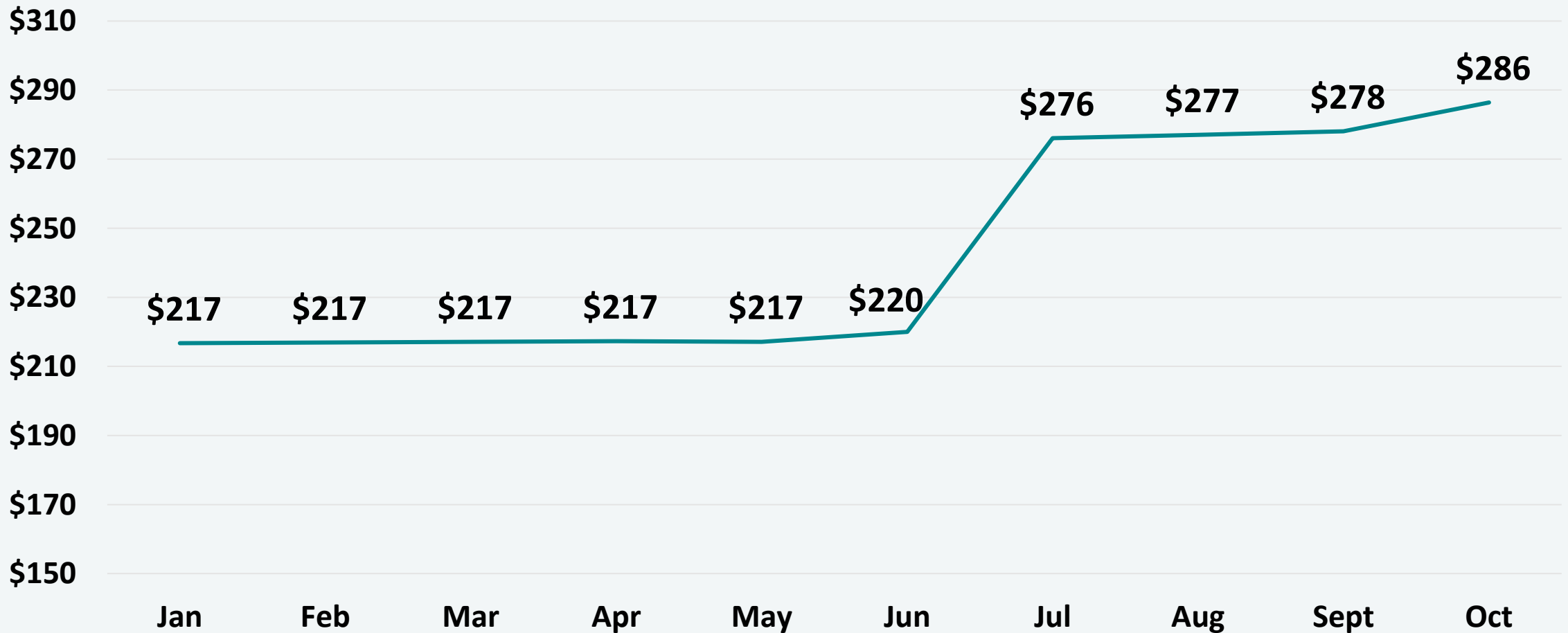
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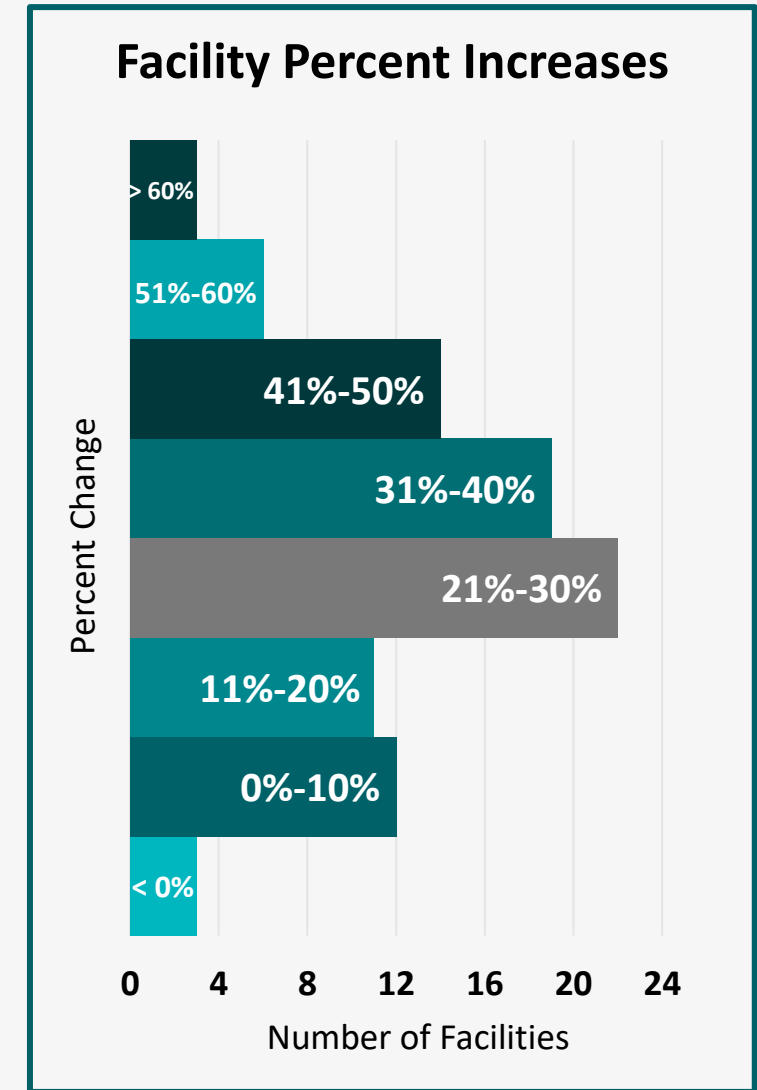
# Statewide Total Average Daily Per Diem



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# Impact to Facilities

- Significant funding growth
  - ✓ 25.5% average increase in funding
  - ✓ 71% of facilities saw at least 20% growth
  - ✓ Facility rates aligned with facility costs
- Key drivers that impact funding
  - ✓ Timing of billings (*Six months to bill*)
  - ✓ Census levels (*Bed days down 1.4%*)
  - ✓ Case Mix Data (*Changes in client acuity*)







# **Tekakwitha Living Center**

*Facility Review*

# Historical Rate Change

- Enrolled in the Access Critical Nursing program in FY2022
- Rate was rebased using the facility's 2019 cost report
- Relaxed ceilings and limitations, allowing a higher reimbursement rate
  - Direct Care Costs: No ceiling vs. 125% of median
  - Non-Direct Care Costs: Maximum ceiling of 110% of median vs. Dual ceiling (100% of costs up to 105% of the median; disallow all costs over 110% of the median)
- Rate increased by 20.51%
- All other nursing homes received a 9.94% increase

# Tekakwitha Rate and Cost Coverage

- Overall cost coverage would have been 89.49% if no funding was given during the 2023 Session
- New rate funds 100% of the overall cost
- RUGs vs PDPM rates are not comparable because they are calculated on different values
- 11.8% estimated average daily per diem increase
- Lower rate increase than other facilities because their distance from 100% of the target was less than others, primarily due to rebasing their rate in FY2022 and relaxing ceiling limitations

	BEFORE	AFTER	PERCENT CHANGE
DIRECT CARE COST COVERAGE	83.33%	98.18%	17.8%
NON-DIRECT CARE COST COVERAGE	94.02%	102.00%	8.5%
OVERALL COST COVERAGE	89.49%	100.07%	11.8%
RATE AT CASE MIX OF 1.0	\$190.68	\$196.24	N/A
AVERAGE DAILY RATE	\$197.46	\$220.81	11.8%

# Findings and Reimbursement Drivers

## Financial Impact

- New rates began in July
- July-September reimbursements have increased by 10% compared to June reimbursements
- Differences from estimate include timing of billings, census levels, and case mix data

## Timing of Billings

- Providers have up to six months to bill for services
- Reimbursement to providers are likely to change slightly as providers submit billings

## Census Levels

- July 2023 bed days are down 14% from July 2022
- Bed days have not rebounded since the pandemic

## Case Mix Data

- Estimates based on case mix data of 6/30/2022
- Changes in client acuity will impact provider billings
- Estimate built upon case mix data of 1.29, but current case mix is lower than on 6/30/22

# Tekakwitha Total Average Daily Per Diem



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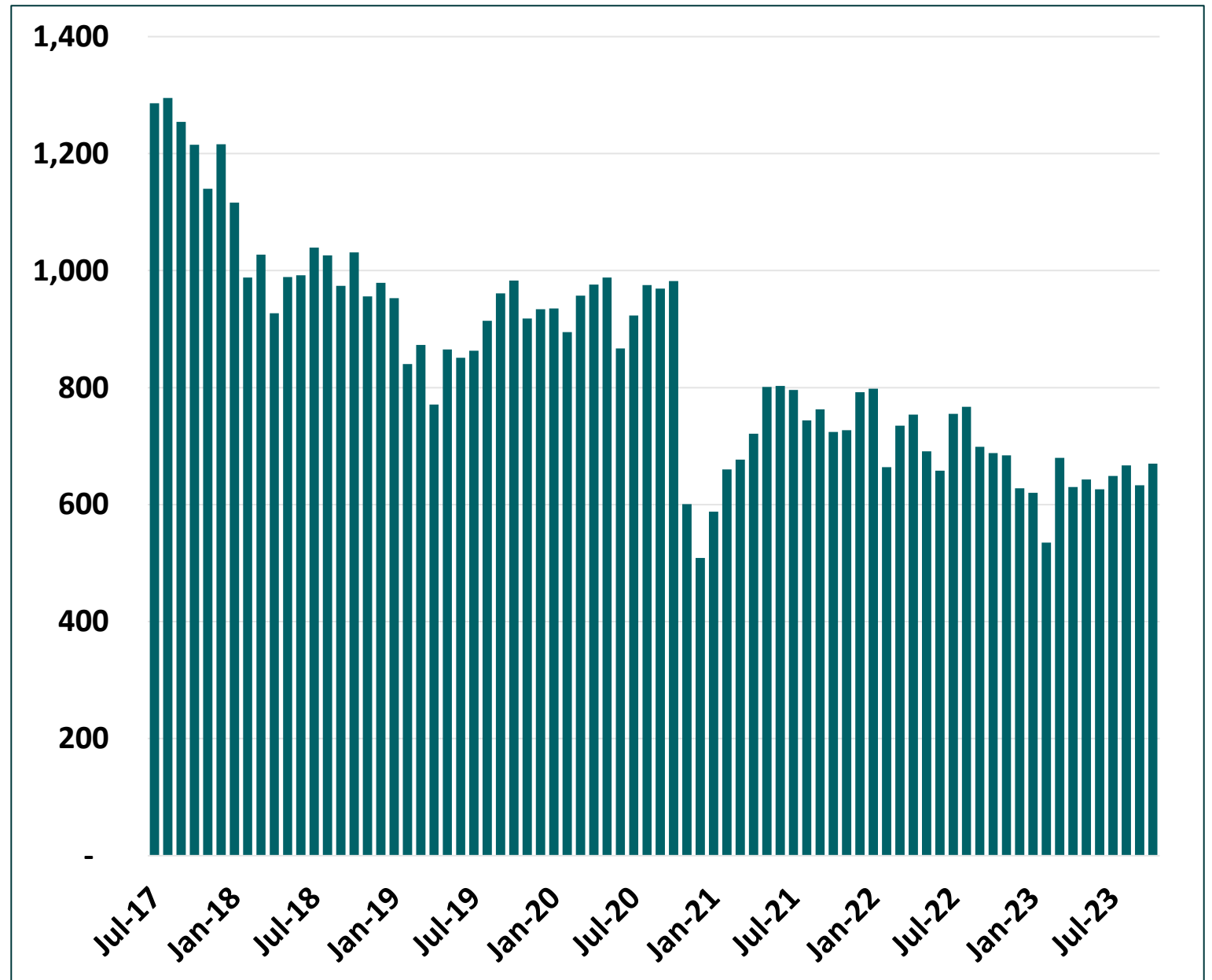
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# Historical Tekakwitha Bed Days





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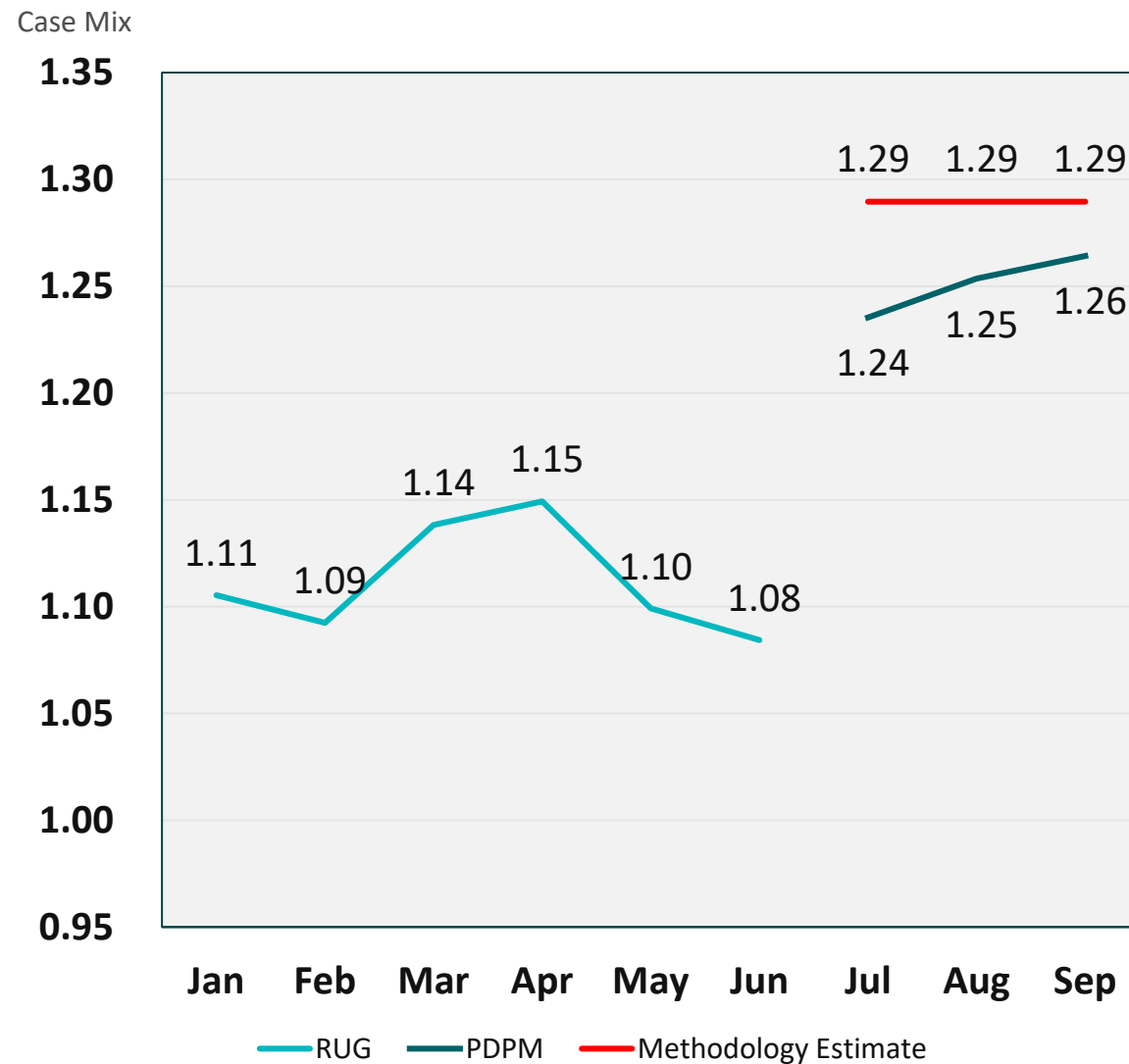
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# Case Mix Data

## *Measures Care Needed for Clients*

- The greater the case mix score, the more services needed to care for the client
- Higher case mix scores are reimbursed more than lower case mix scores
- Methodology case mix estimate was 1.29, based on case mix as of 6/30/2022
- Actual case mix is lower than projected
- Lower case mix score requires fewer services, thus a lower reimbursement rate



# Summary



New methodology more accurately aligns funding with services provided



Nursing homes are receiving an average of 25% more funding with new rates



Provider rates are aligned with provider costs



Multiple factors impact facility reimbursements (i.e. bed days, case mix scores, timing, etc.)



Funding and sustainable methodology will better position nursing facilities to serve our citizens



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