



**STATE OF WASHINGTON
WASHINGTON STATE HEALTH CARE AUTHORITY**

May 2, 2015

NOTICE

Title or Subject: Medicaid State Plan Amendment (SPA) 16-0017. Possible Changes to the Medicaid Nursing Facility Payment System, Adult Family Home rates, Assisted Living rates, Independent Provider rates, and Agency Provider rates

Effective Date: July 1, 2016

Description:

The Health Care Authority in conjunction with the Department of Social and Health Services (DSHS) intends to submit Medicaid State Plan Amendment (SPA) 16-0017. The purpose of this notice is to advise nursing facilities and the general public that the State of Washington is considering adjustments to the methodology by which nursing facilities are paid for services they provide to Medicaid recipients, as of July 1, 2016. Additionally, this notice is to advise adult family homes, independent providers, and the general public of potential Medicaid rate changes as of July 1, 2016.

This notice is furnished in accordance with federal Medicaid law, at 42 U.S.C. Sec. 1396a(a)(13)(A) and 42 C.F.R. Sec. 447.205, and state regulations at WAC 388-96-718. Under these provisions, DSHS must publish proposed new methodologies for determining the payment rates, and the justification for those new methodologies, when the changes would amount to "material" changes that require DSHS to amend the Medicaid State Plan under Title XIX of the federal Social Security Act.

SPA 16-0017 is in the development process; therefore a copy is not yet available for review. A copy of the SPA will be provided on request as soon as it becomes available.

Nursing Facilities

The 2016 State Legislature has made significant changes to the Medicaid nursing facility rate methodology. These changes are reflected in the 2016 Supplemental Budget 2ESHB-2376; see Sec. 206. The weighted average daily rate for SFY 2017 would be \$197.33. DSHS is directed to ensure that the weighted average daily rate actually paid does not exceed those amounts; see RCW 74.46.421.

The changes are found in SHB2678, Regulating Nursing Home Facilities. It will replace the current methodology with a greatly simplified one. Instead of a system that focuses on the costs of each individual facility, the simplified system will look at industry-wide costs to establish prices to be paid. There are four rate components: direct care, indirect care, capital, and quality. Direct care is a fixed rate at the industry median, adjusted for a facility's resident acuity. Indirect care is a fixed rate at 90% of industry median costs. Capital uses a fair market rental system to set a price per bed. Up to 5% of the rate is tied to quality indicators. The only remaining rate add-on is reimbursement of the Safety Net Assessment paid on Medicaid resident days. There is a three year phase-in period designed to mitigate negative impacts on facility rates and to contain spending within the relevant appropriations.

Facilities are required to maintain certain minimum staffing levels, expressed in hours of care by providers (RNs, LPNs, and CNAs) per resident day.

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The new proposed “swing bed” rate is \$184.75.

The estimated increase in aggregated total annual expenditures for the above changes for SFY 16 beyond SFY 15 spending is anticipated to be \$3,322,042. The estimated increase in aggregated total annual expenditures for the above changes in SFY 17 beyond SFY 16 spending is anticipated to be \$24,906,052.

DSHS is executing a rule-making procedure to write formal regulations implementing the new system for rates beginning July 1, 2016 (the start of SFY 2017). Facilities, their industry associations, employee groups, and residents will all be invited to participate in the rulemaking procedure.

If you would like more information, the proposed budget can be found at <http://leap.leg.wa.gov/leap/budget/lbns/2016Omni2376-S.SL.pdf>. Persons or organizations that have comments on these changes may contact the following by June 30, 2016:

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Adult Family Homes, Independent Providers and Home Care Agency

The Legislature has made changes for SFY 2017, which can be found in the 2016 Supplemental budget 2ESHB-2376.

1. Beginning on July 1, 2016 (SFY 17), Adult Family Homes will have their rate increased five percent. The estimated increase for Adult Family Homes in aggregated total annual expenditures for the above changes in SFY 17 is \$16,426,993.61.
2. Beginning on July 1, 2016 (SFY 17), SEIU 775NW Individual Provider rates will be as follows:

CCH	1st Half FY2016	2nd Half FY2016	1st Half FY2017	2nd Half FY17
0-700	\$11.31	\$11.50	\$11.75	\$12.00
701-2000	\$11.56	\$12.00	\$13.00	\$13.40
2001-4000	\$11.71	\$12.20	\$13.20	\$13.60
4001-6000	\$11.89	\$12.40	\$13.40	\$13.80
6001-8000	\$12.03	\$12.60	\$13.60	\$14.00
8001-10000	\$12.20	\$12.80	\$13.80	\$14.20
10001-12000	\$12.36	\$13.00	\$14.00	\$14.40
12001-14000	\$12.53	\$13.20	\$14.20	\$14.60
14001-16000	\$14.78	\$15.00	\$15.00	\$15.25
Above 16000	\$15.03	\$15.15	\$15.15	\$15.40

3. Beginning on January 1, 2016 (SFY 17), Home Care Agency hourly rate increased to \$24.60 per hour which, equals to an increase of \$.44/per hour from the prior rate.

The estimated increase in aggregated total annual expenditures for the above changes in SFY 17 is \$220,863,000.

If you would like more information, the proposed budget can be found at <http://leap.leg.wa.gov/leap/budget/lbns/2016Omni2376-S.SL.pdf>. Persons or organizations that have comments on these changes may contact the following by June 30, 2016:

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