

# District of Columbia Medicaid

## A New Nursing Facility Payment Method

### *Frequently Asked Questions*

*Version Date: November 1, 2016*

**Please note that details of the payment method shown in this document remain subject to change before the implementation date.**

#### OVERVIEW

##### 1. What change is being made?

The DC Department of Health Care Finance (DHCF) will change its current payment method for nursing facility services. The project begins with an assessment of four options for a new payment method/ratesetting method. The four options are:

- Refinement of current cost-based, acuity-adjusted, facility-specific rates
- Cost-based, acuity-adjusted, resident-specific rates
- Price-based, acuity-adjusted, facility-specific rates
- Price-based, acuity-adjusted, resident-specific rates

The Department may choose to implement a hybrid method that incorporates features of more than one of these four options.

In addition, the Department will improve the process and timing of the ratesetting process and is exploring options to implement a value-based purchasing program.

##### 2. Why change to a new payment method?

The current payment method and ratesetting process is problematic for both the District and for nursing facilities.

##### 3. What are the goals that DHCF hopes to achieve by implementing a new nursing facility payment methodology?

Goals of the new nursing facility payment method include:

- ***Align incentives to improve appropriate access in the most integrated setting.*** With this new payment method, the District aims to promote the placement of residents into the most clinically-appropriate, least restrictive environment (either a nursing facility or home and community-based services) based upon the care required by the patient.

- ***Align incentives to ensure that nursing facility residents receive the highest quality of care.*** One of the most important goals of the new payment method is to improve quality of care. The District will choose a payment method that best supports the implementation of a value-based purchasing program for nursing facility services.
- ***Increase transparency of ratesetting methodology.*** DHCF wishes to improve the transparency of the ratesetting methodology by engaging stakeholders in early in the project. Policy decisions will be clearly documented and communicated on a regular basis.
- ***Decrease administrative burden for both the Department and nursing facilities.*** The current payment method is administratively burdensome for both the Department and the nursing facilities.
- ***Improve links between resident acuity and payment.*** Very simply, this means that nursing facilities receive higher payments for sicker residents and lower payments for those who are not as sick. While the current payment method is based on the residents' acuity scores, payments may not be finalized until long after the resident's acuity has been measured.

**4. What is the target date for implementation of a new method?**

The target effective date for the new rate methodology is October 1, 2017. However, since a state plan amendment (SPA) will be required, the timing of the implementation date is subject to CMS approval of that SPA. Other factors may impact the implementation date as well. DHCF will keep stakeholders informed as the project progresses.

**5. What providers and services will be affected?**

The new payment method will apply to nursing facilities in the District and potentially out-of-District facilities as well. Long-term acute care (LTAC) hospitals, intermediate care facilities (ICFs) and intermediate care facilities for individuals with intellectual disabilities (ICF/IID) will not be affected.

**6. What nursing home residents will be affected?**

Residents in both in-District and out-of-District nursing facilities will be affected.

**7. Will the District continue to use peer groups to set rates?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

**8. How will rates be impacted when a nursing facility has a change of ownership?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

**RESOURCE UTILIZATION GROUPS (RUGS)**

**9. What version of the RUG grouper will be used in the new payment method?**

The recommendation is to use RUG IV in the new payment method. The impact of moving to RUG IV will be reviewed before a final decision is made.

**10. Which RUG relative weights will be used for ratesetting?**

The recommendation is to use the weights for the 48 group version of RUG IV. The impact of using this CMI set will be reviewed before a final decision is made.

**11. Will my facility be required to acquire the RUG grouper?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

**12. Will DC use hierarchical classification or index maximizing classification be used to set rates?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

**COVERAGE AND PAYMENT FOR SPECIFIC SERVICES**

**13. How will Medicare crossover claims be paid under the new method?**

There is no change to the method used for calculating payment for crossover claims. DC Medicaid pays the lesser of these two amounts on a crossover claim:

- The Medicaid allowed amount minus the Medicare paid amount
- The Medicare co-insurance amount plus the Medicare deductible amount

**14. How will physical therapy, occupational therapy and speech therapy services be paid?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

**15. How will behavioral health services be paid?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

**16. How will ventilator services be paid?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

**17. How will bed hold days be paid?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

**18. How will services for other special care residents be paid, such as HIV/AIDs, Alzheimer/dementia and morbid obesity?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

**19. Will outlier payments be included in the new payment method?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

**COST REPORT CONSIDERATIONS**

**20. What fiscal year cost reports will be used in the rate setting process? What costs will be excluded for consideration?**

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No decision has yet been made on this topic. Please see future updates to this FAQ.

### **21. How often will rates be rebased?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

## **MINIMUM DATA SET (MDS) CONSIDERATIONS**

### **22. What version of the minimum data set (MDS) will be used for ratesetting?**

The recommendation is to use MDS 3.0.

### **23. Will state-specific questions be added to the MDS record?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

## **QUALITY AND VALUE-BASED PURCHASING PROGRAM**

### **24. What quality-of-care measures will be included in the program?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

### **25. Will my facility need to collect any additional data for the quality-of-care measures?**

No decision has yet been made on this topic. Please see future updates to this FAQ.

## **OTHER**

### **26. How will nursing facilities be kept informed and involved during the development of the new payment method?**

<i><b>FAQ</b></i>	This FAQ document which provides DC Medicaid policy, payment and billing information about the nursing facility payment method. FAQs are periodically updated and distributed to the nursing facilities.
<i><b>Provider information sessions</b></i>	To be held periodically to keep providers informed of data, decisions and the progress of the project.
<i><b>Training sessions</b></i>	Tentatively planned for September 2017

### **27. Who can I contact for more information?**

Andrea Clark, Reimbursement Specialist  
Department of Health Care Finance  
Tel: 202-724-4096 • Email: [andrea.clark@dc.gov](mailto:andrea.clark@dc.gov)