
Appropriations Committee

HB 2819

Brief Description: Revising the nursing facility medicaid payment system.

Sponsors: Representative Sullivan.

Brief Summary of Bill
<ul style="list-style-type: none">• Repeals the quality maintenance fee on nursing homes effective July 1, 2005.• Modifies other aspects of the nursing home medicaid payment system.

Hearing Date: 7/4/04

Staff: Dave Knutson (786-7146).

Background:

The Department of Social and Health Services pays for the care of approximately 12,800 medicaid eligible persons in 253 nursing homes. The nursing home medicaid payment system is facility specific and has seven components: direct care, therapy care, support services, operations, property, financing allowance, and variable return.

In 2003, the Legislature imposed a quality maintenance fee on nursing homes. Each non-exempt nursing home is required to pay a fee of \$6.50, multiplied by each facility's total number of patient days. This fee supports a 3 percent increase in non-capital payment rates effective July 1, 2003, to help maintain the quality of nursing home care in the state. Additionally, nursing facilities will be reimbursed for the portion of state fee revenues allocable to medicaid patient days. With these increases, the weighted average nursing home payment is expected to be \$144.54 per patient day in FY 2004 and \$147.43 per patient day in FY 2005. The 2003-05 biennial appropriations act provided \$91.7 million to provide increased nursing home payment rates. Of this total, \$58.6 million will reimburse medicaid facilities for the quality maintenance fee. The remaining \$33.1 million will fund a 3 percent increase in noncapital nursing home payment rates.

Summary of Bill:

The quality maintenance fee on nursing homes is repealed on July 1, 2005.

The direct care component rate allocations will be cost rebased in odd numbered years using the immediately preceding year calendar year adjusted cost report data. Beginning in 2006, the direct

care component, therapy care component, support services component, and operations component rate allocations will be adjusted for economic trends and conditions by a factor specified in the biennial appropriations act. These same component rate allocations will be cost rebased in odd numbered years using the immediately preceding year calendar year adjusted cost report data. The process used by the Department of Social and Health Services to establish a nursing home's variable return component rate allocation is modified to reflect the rate setting process in each odd numbered year for facilities based on their combined direct care, therapy care, support services, and operations per resident day cost. Case mix weights will be revised in each odd numbered year as opposed to every three years.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2005.