

# FINAL BILL REPORT

## SSB 5802

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Synopsis as Enacted

**Brief Description:** Providing flexibility in calculation of nursing rates.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Muzzall, Hasegawa, Lovelett, Nobles, Rivers and Robinson; by request of Department of Social and Health Services).

**Senate Committee on Health & Long Term Care**  
**Senate Committee on Ways & Means**  
**House Committee on Appropriations**

**Background:** Medicaid recipients may choose to receive long-term care services in a variety of settings including at home, in adult day centers, adult family homes, assisted living facilities, or skilled nursing facilities (SNFs). Skilled nursing facilities are licensed by the Department of Social and Health Services (DSHS) and provide a range of services such as 24-hour supervised nursing care, personal care, therapy, nutrition management, and more for residents requiring significant medical and personal attention.

The Medicaid SNF payment methodology is administered by DSHS. The Medicaid rates in Washington are unique to each facility and reflect the client acuity of each SNF's residents. The methodology for SNF payment rates consists of four primary components: direct care, indirect care, capital, and quality incentive. The direct care component includes nursing and related care provided to residents, such as food, laundry, and dietary services. Currently, the rate's direct care component is adjusted every six months to ensure the direct care rates reflect the high-acuity residents for whom the facilities are providing services.

Case Mix for Washington State Medicaid Nursing Home Payment. Case mix describes differences in residents within a population in terms of their physical and mental conditions and the resources used in their care. Case mix reimbursement systems measure the intensity of care and services required for each resident and translate those measures into groupings. Those groupings are used in the calculation of facility payment to adjust the direct care rates. Washington State and DSHS received the data from federal Centers for

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Medicare and Medicaid Services (CMS) through Resource Utilization Group (RUG) scores. State law requires DSHS to use RUG to calculate the nursing facility rates.

CMS transitioned to a new case-mix classification data model called the Patient Driven Payment Model (PDPM) in 2019, but continued to support the RUG data model. PDPM data focuses on characteristics, needs, and goals of the residents whereas the RUG data model focuses on the volume of therapy provided. On September 30, 2023, CMS discontinued support for RUG categorization for nursing facility residents and fully transitioned to PDPM.

**Summary:** Starting July 1, 2024, DSHS must implement a new case mix method informed by CMS data to adjust facility rates. A new case mix adjustment method will be created upon discontinuation of RUG scores, using the PDPM data. Preliminary and final reports are due by December 1, 2024, and December 1, 2026, respectively, to outline the implementation plan and assess the impact. Case weights will be based on finalized case mix weights published by CMS.

**Votes on Final Passage:**

Senate	49	0	
House	95	0	(House amended)
Senate	49	0	(Senate concurred)

**Effective:** June 6, 2024