



MCO Access and Contracts with Nursing Home Commissions formed under s. 49.49(7)

Purpose: This memo describes the process for Family Care Managed Care Organizations (MCOs) accessing nursing homes or intermediate care facilities operated by commissions created under s. 66.0301, Wis. Stat that comply with the requirements of s. 49.49(7) Wis. Stat, as created by 2009 Wis. Act 283.

Overview

2009 Wis. Act 283 created 49.49(7) of the Wisconsin Statutes allowing intergovernmental commissions formed by political subdivisions for the purpose of operating a nursing home to impose assessment fees on participating members for Medicaid (MA) residents' service costs. The new statutory provisions specify that the political subdivisions eligible to become members of a nursing home commission are counties, cities, villages or towns.

This memo contains instructions on the:

- Acuity and other criteria MCOs will use when considering admission.
- Method the Department of Health Services (DHS) will use each fiscal year (FY) to establish the MCO assessment maximum.

MCO Access to Nursing Homes Commissions

Nursing home commissions may impose assessments on each participating political subdivision for each MA resident who meets the required criteria. However, MCOs that are operated by Family Care districts or private entities are not eligible to be commission members, therefore those MCOs are not subject to such assessments. Nevertheless, pursuant to the DHS-MCO contract, the DHS may approve payments by MCOs at rates higher than applicable Medicaid fee-for-service rates for certain Family Care members residing at a commission-operated nursing home, as specified below. These higher rates are allowable costs in encounter data reporting as approved payments above the MA rate, when incurred in compliance with the instructions established in this and related documents.

Acuity and Residency Criteria

An MCO can reimburse an eligible commission nursing home above the MA fee-for-service rate for MCO members when the residents/members meet the following criteria:

1. Is a resident of a county *other than* the county in which the nursing home is located; *and*
2. Has a RUG-48 case mix index greater than 1.0; *and*
3. Has a RUG behavioral score greater than 0 *or* has a developmental disability.

Additionally, any Family Care member in the nursing home that meet criterion (1), as of the effective date of the commission, regardless of whether they meet conditions (2) and (3) listed above, is eligible for payment above the MA fee-for-service rates. County of residency is determined by DHS.

Process for Review and Approval to Pay above the MA Rate

MCOs are not required to submit individual requests to pay above the MA rate for each existing or future admission to commission-operated nursing homes. DHS collects this information from each MCO at annual certification and expects MCOs to report the previous year's utilization in number of members and number of paid nursing home days, as well as the projected upcoming year utilization. The Department may request verification of specific resident information from MCOs for compliance with the eligibility criteria as part of ongoing monitoring, or in response to specific instances.

Maximum MCO Additional Payment

The amount of the additional payment that MCOs pay is calculated by DHS based on the nursing home's Medicaid loss after accounting for supplemental and Certified Public Expenditures (CPE) revenues using the most recent audited FY cost reporting, up to but not to exceed, the assessment fee amount paid by participants of the commission.

Fiscal year rates for specific commission-operated nursing homes and the effective dates, are available online www.dhs.wisconsin.gov/familycare/mcos/nh-rates.htm.

Next Steps

DHS will apply these same principles in establishing specific supplement amounts for MCO funding when other commissions are formed in Wisconsin. The acuity criteria noted above may be monitored for any further applicable adjustments related to the specialty care of those settings.

Contact Information

If you have questions regarding MCO implementation of this material or the nursing home Medicaid Rate calculation, then contact the Office of Family Care Expansion at DHSOFCE@wisconsin.gov.

Reference Material:

[Annual DHS-MCO contract](#)