



WISCONSIN DEPARTMENT
of HEALTH SERVICES

Public Provider Meeting Nursing Home Payment Rates

Public Meeting
(Zoom only)
July 19, 2024
10 a.m.–11 a.m.

Presenters

- Grant Cummings, DHS, BRS Director
- David Albino, DHS, BRS Deputy Director
- Nathaniel Staley, DHS, BRS Nursing Home Section Manager
- Beth Collier Vail, Myers and Stauffer
- Seth Adamson and Scott Campbell, Optumas

Agenda

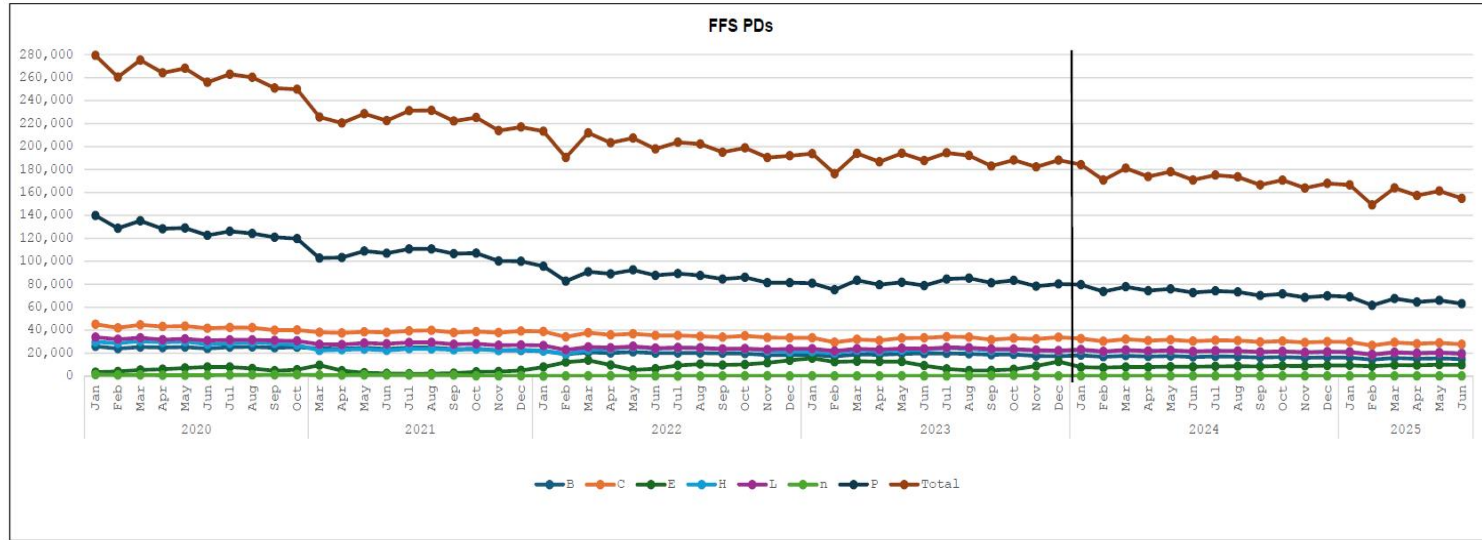
- Welcome – staffing updates
- Modeling and SFY25 base rates
- SFY25 methods changes
- Independent audits
- Open discussion/questions

Welcome – staffing updates

- Madeline McIlhon, Health Care Rate Analyst

Modeling and SFY25 base rates

FFS Patient Days

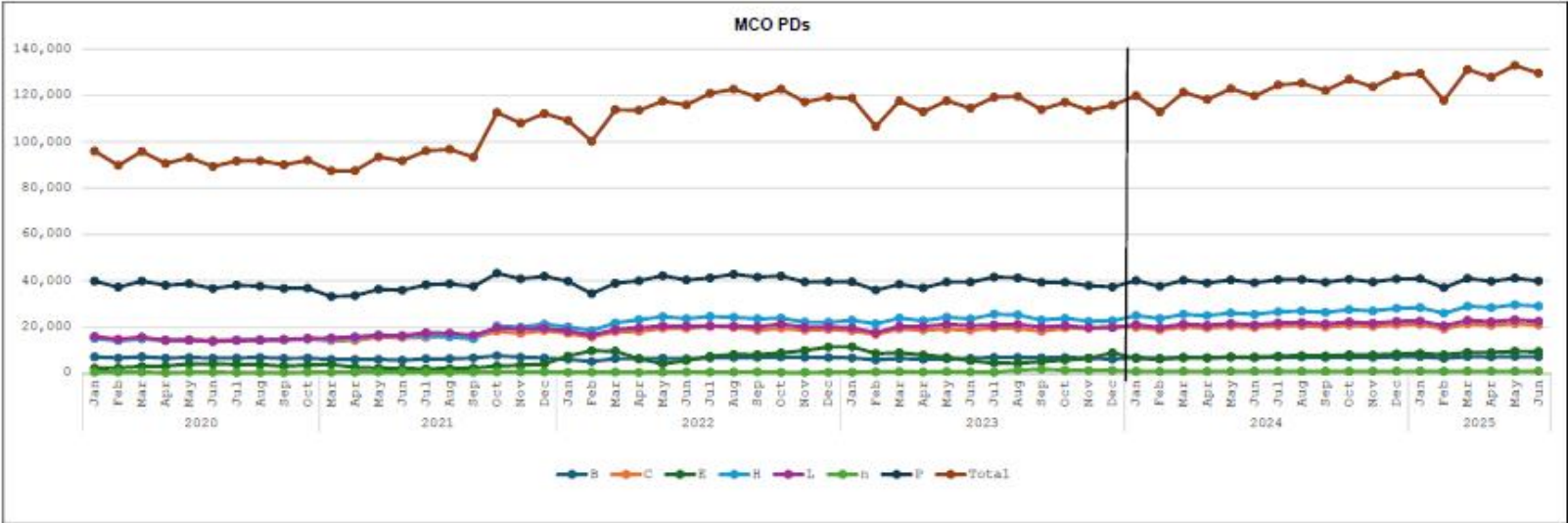


Acuity Group Key

n	not defined (delinquent days, assessment not PDPM-able, etc.)	E	Extensive Services
B	Behavior/Cognitive Impairment	H	High Special Care
C	Clinically Complex	L	Low Special Care
		P	Reduced Physical Function

Note: black line in January 2024 signifies the end of the actual data.

MCO Patient Days

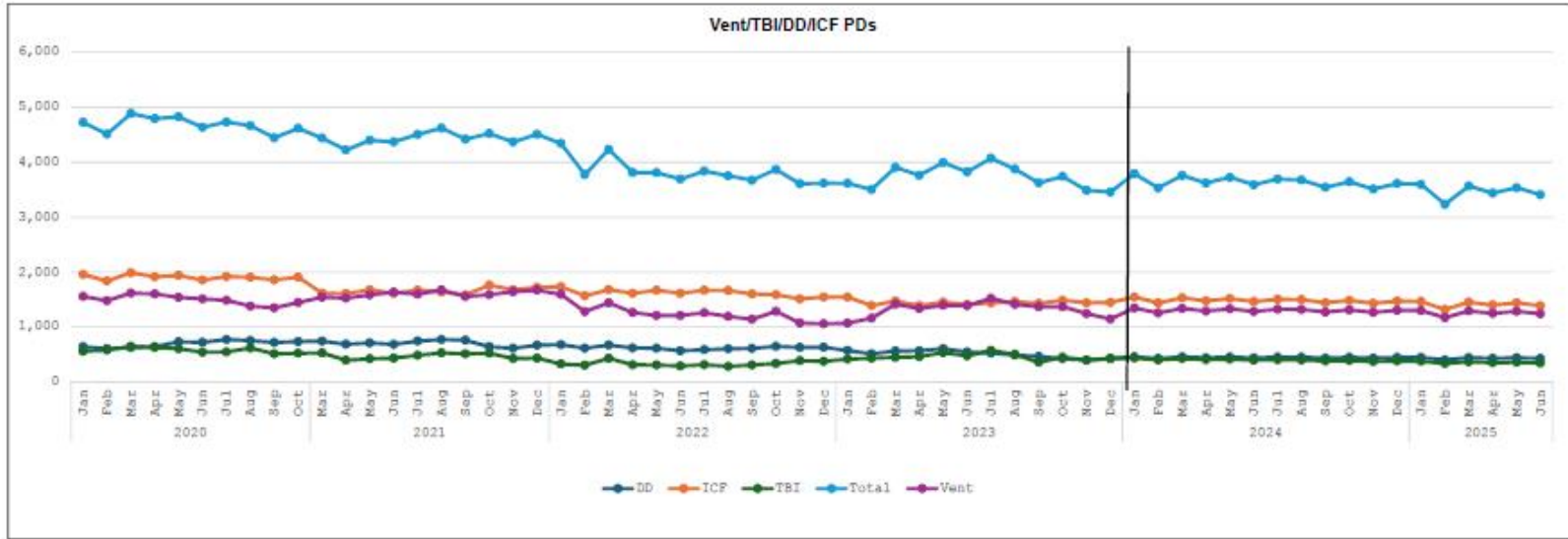


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Vent, TBI, DD and ICF-IID Patient Days



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Patient Days

Patient Days			
	SFY 2023 (Actual)	SFY 2024 (Projected)	SFY 2025 (Projected)
FFS NonDD	2,314,116	2,186,460	1,970,283
MCO	1,410,470	1,414,549	1,520,538
DD	7,101	5,744	5,902
ICF	18,259	17,698	17,322
Vent	14,797	15,782	15,064
TBI	4,805	5,176	4,427

Acuity Modelling

Case Mix Index

PDPM Nursing **SFY 2023**
Actual

FFS	1.4391
MCO	1.5731

SFY 2024 Projections

Parity Adjustment
10/1/2023
2.74%

1.4123	1.3736
1.5498	1.5073

SFY 2025 Projections

Parity Adjustment
10/1/2023
2.74%

1.4404	1.4009
1.5813	1.5380

PDPM NTA **SFY 2023**
Actual

FFS	1.0405
MCO	1.1747

SFY 2024 Projections

Parity Adjustment
10/1/2023
2.47%

1.0372	1.0116
1.1731	1.1441

SFY 2025 Projections

Parity Adjustment
10/1/2023
2.47%

1.0438	1.0180
1.1828	1.1535

SFY25 Direct Care Base Rates

- Direct Care Nursing payment standard:
 - Median of costs + 25%.
- Calculated from initial cost report submissions.
 - Median: \$121.60
 - +25%: \$152.00 (7.6% increase from SFY24)

Support Services

- Support Services payment standard:
 - Median of costs + 25%.
- Calculated from initial cost report submissions.
 - Median: \$137.01
 - +25%: \$171.26 (8.6% increase from SFY24)

Property

- DHS is currently working to contract an appraiser for 2025-2028.
- In lieu of a contracted appraiser, URC and DRC were inflated forward by 14%.
- Per-bed max also inflated 14%
 - SFY24: \$96,735
 - SFY25: \$110,278 (14% increase from SFY24)

SFY24 other rates

- TBI: \$1,007
 - Increase of 2.5% from SFY24
- VENT: \$949.15
 - Increase of 2.5% from SFY24
- SPRS: \$24.87
 - Increase of 2.5% from SFY24

Inflation factors

	January February March 2023	April May June 2023	July August September 2023	October November December 2023
Direct Care Wages	6.1%	5.6%	3.8%	2.5%
Direct Care Fringe Benefits	2.4%	3.3%	3.6%	3.0%
Direct Care Supplies/OTC Drugs	5.7%	4.5%	3.6%	3.4%
Direct Care Purchased Services	7.3%	6.1%	4.9%	3.8%
Support Services	4.4%	4.9%	3.6%	2.7%

SFY25 Methods Changes: Independent Audit Requirement

- Beginning this year (SFY25), all Medicaid NH providers will be required to submit an independent financial audit, performed by a CPA, to be used for SFY 2026 rate setting
 - Independent CPAs will follow GAAP standards when auditing financials
- Independent audits will be due 5 months after a facility's fiscal year end, with extensions available for good cause
- Medicaid will reimburse for the Medicaid portion of the audits
- The audit's income statement must separate NH line of business from all other operations

Independent Audit Requirement (cont'd)

- DHS will accept consolidated financials for NHs with common or identical ownership as long as the income statement has a separate column for each licensed facility and separate supplementary information completed for each facility
- Independent CPA will provide NH by NH supplementary information for direct care salaries, depreciation, property tax, and loans and leases, which directly impact MA rates
- Supplemental information will be provided to DHS on forms created by DHS

Independent Audit Requirement (cont'd)

- Final rates will be set faster, as DHS auditors will perform their full review of NH cost reports for only about 1/3 of facilities each year
 - DHS auditors' focus will shift to risk-based auditing, deeper reviews of related parties, and overall quality metrics
- Independent audits are for financial statements not Medicaid cost reports
- The purpose of the independent financial audit is to provide DHS with reasonable assurance that the financial statements, internal controls, and reporting therefrom for the owner/operator of each NH are accurate and have been prepared in line with accepted regulatory standards when DHS is not reviewing a provider's cost report.

Independent Audit Requirement (cont'd)

- What DHS expects to get from an independent audit
 - Understanding of solvency and fiscal strength of NHs and businesses as a whole, which are leading indicators of patient safety
 - Assessment of financial policies and internal controls
 - Ownership structures of NHs
 - Related party transactions
 - Reported auditor findings and questioned costs
 - Unmodified opinion that financial statements are free of material misstatements
 - Supplemental information to provide additional assurances to DHS

Next steps

- Interim rates have been calculated for SFY25.
 - MCOs will be directed to use these rates for DOS 7/1/24 onward
- Completeness checks have been performed for all submitted cost reports and desk reviews are underway
 - When a rate program is finalized, DHS will begin notifying providers of their initial rates
 - No changes to rate finalization process from last year

Questions?

Thank you

- Gov-D sign-up:
 - https://public.govdelivery.com/accounts/WIDHS/subscriber/new?topic_id=WIDHS_49
- Please send questions/comments to DHSDMSBRS@dhs.Wisconsin.gov