

## Attachment Q18

| <b>Estimated Nursing Facility Provider Fee, FY 2008-09 through FY 2010-11<sup>1</sup></b> |            |            |   |   |   |
|---|------------|------------|---|---|---|
|   | FY 2008-09 | FY 2009-10 | FY 2010-11<br>with 5% limit on<br>General Fund growth | FY 2010-11<br>with 0% limit on<br>General Fund<br>growth <sup>4,5</sup> | FY 2010-11<br>with 0% limit on General<br>Fund Calculated Rate<br>Before SB 09-263 Cap <sup>4,5</sup> |
| CURRENT: FY 2010-11 FMAP 61.59% through 12/31/2010, 50.0% 1/1/2011 Forward <sup>2</sup>   |            |            |   |   |   |
| Current   | \$7.20     | \$5.75     | \$6.48  | \$7.50 + inflation  | \$10.85   |
| With Proposed March 2010 Rate Reduction,<br>No Provider Fee Backfill <sup>3</sup>         | \$7.20     | \$5.75     | \$6.94  | \$7.50 + inflation  | \$11.29   |
| With Proposed March 2010 Rate Reduction,<br>and Provider Fee Backfill <sup>3</sup>        | \$7.20     | \$6.11     | \$6.94  | \$7.50 + inflation  | \$11.29   |
| With Extended FMAP Relief: FY 2010-11 FMAP 61.59% for Full Fiscal Year <sup>2</sup>       |            |            |   |   |   |
| Current   | \$7.20     | \$5.75     | \$5.37  | \$7.50 + inflation  | \$8.99  |
| With Proposed March 2010 Rate Reduction,<br>No Provider Fee Backfill <sup>3</sup>         | \$7.20     | \$5.75     | \$5.75  | \$7.50 + inflation  | \$9.35  |
| With Proposed March 2010 Rate Reduction,<br>and Provider Fee Backfill <sup>3</sup>        | \$7.20     | \$6.11     | \$5.75  | \$7.50 + inflation  | \$9.35  |

**Notes:**

(1) The rates shown are for Class I Nursing Facilities with less than 55,000 annual patient days.

(2) The Department may experience a lower FMAP rate in FY 2010-11 based on the state's unemployment rate. However, the FMAP rates shown are based on the Department's current unemployment tier level. The provider fee estimates with extended FMAP relief are provided for reference and reflect the hypothetical scenario that Congress extends FMAP relief for Medicaid through FY 2010-11.

(3) Executive Order D 017 09 included a 1.5% reduction to the reimbursement rate for Class I Nursing Facilities to take effect in March 2010. This action requires a statutory change; the estimated rates for the scenario with the rate reduction are conditional upon this statutory change. If the required statutory change is made and the rate reduction implemented, the nursing facility provider community would have the option of a higher provider fee in order to use cash funds to backfill the reduced General Fund obligation resulting from the rate reduction.

(4) Per SB 09-263, beginning with FY 2009-10, the provider fee shall not exceed \$7.50 per non-Medicare resident day; this cap is annually adjusted for inflation in FY 2010-11 and forward. If the calculated provider fee exceeds the cap, the fee up to the cap is collected, and supplemental reimbursement payments are reduced.

(4) The FY 2010-11 estimated provider fee rates are calculated using the projected growth rate of 4.23%, from the Department's November 6, 2009 Budget Request, in the reimbursement rates for Supplemental Payments, except the provider fee offset component, from FY 2009-10 to FY 2010-11. Supplemental payments are made in addition to the base rate for Core Components to providers who have residents with moderate to severe mental health conditions, cognitive dementia, or acquired brain injury; and to providers who meet performance standards. In addition, a supplemental payment is made as a provider fee offset. (Core Components include fair rental value; direct and indirect health care; and administrative and general costs.) Patient days are held constant from FY 2009-10 to FY 2010-11; this is conservative as patient days have trended downward in recent years.

**(5) With a 0% cap on General Fund growth, combined with the \$7.50 cap on the provider fee, the Nursing Facility Cash Fund would likely not be able to pay supplemental payments to providers who have residents with moderate to severe mental health conditions, cognitive dementia, or acquired brain injury. The supplemental payments for the pay for performance component would also likely not be possible. In addition, a portion of the growth in the reimbursement for core components over the General Fund cap may not be funded, however these are required payments.**

*Compiled on 12/11/09 by:*

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*These estimates are calculated using dynamic models with currently available information and are subject to change.*