



MEMORANDUM

TO: Colorado Nursing Facility Provider Fee Advisory Board
FROM: Public Consulting Group
RE: Cost Increase Analysis
DATE: March 4, 2013

Building off of the analysis presented by Meyers and Stauffer, PCG identified several trends in the nursing facility cost data.

- From 2009-10 to 2011-12 there were four areas where costs at all facilities increased by more than 10%:
 1. Home Office/Related Party Management – 23.32%;
 2. Speech Therapy – 15.43%;
 3. Director of Nursing and Registered Nurses – 12.72%; and
 4. Plant Operations: Utilities – 12.09%.
- A negative correlation exists between the LPN and RN costs, yet a positive correlation exists between RN and CNA costs. While the statewide shift in acuity requires higher skilled, more expensive RNs, it also stands to reason that facilities are hiring more CNAs to complete the routine work, and fill the vacancies of the LPNs. Is this a trend noticed at facilities?
- There is little correlation between change in acuity and costs (as measured by “Times Above Average” cost). For instance, the provider that had costs most often above the average had a declining acuity.
- This cost analysis focuses on where costs are increasing and those facilities with the highest costs. A similar analysis could also be conducted on those facilities where costs are decreasing, in order to determine the efficiencies realized by those facilities.