

2014 Fair Rental Value (FRV) Appraisals Concerns to Address



During the January 21, 2014 Nursing Facility Advisory Council the Department asked SNF providers to comment on the 2010 FRV appraisal process in anticipation of the 2014 FRV appraisals. The following is a summary of the discussion.

1. Selection of appraisal company:

Concern: The facilities have requested that a representative from the provider group be included in the RFP review committee when re-procuring the FRV appraisal vendor.

Department Response: The Department extended the current contract with NVC, the Departments competitively procured FRV vendor, for the 2014 appraisals to ensure that appraisals were conducted on time. During the 2010 FRV process appraisals were not completed until 2011 due to the Departments failure to procure the FRV vendor in a timely fashion which prevented the appraisal process from running efficiently.

The contract has been extended for the 2014 FRV appraisals and consultation for possible informal reconsiderations and appeals only.

Action Item: Discuss possibility of SNF representation on re-procurement of FRV vendor in 2016 for 2018 appraisals.

2. Appraisal Process

Concern: The appraisal process itself was not efficient as administrators were not able to meet with appraiser and had no notice of the date of evaluation by the appraiser. Appraiser did not review evaluation of property for appraisal with administrators. Administrators do not have an opportunity to review or comment on appraisals prior to finalization.

Department Response: Correcting the above deficiencies will occur prior to the 2014 FRV appraisals.

Action Item: The Departments SNF Rates Analyst will work with providers to develop a clear and consistent appraisal process that outlines expectations of the FRV vendor and providers.

3. Appraisals

Concern: There appeared to be differences in judgment even among NVC appraisers. There also appeared to be errors in appraisal values related to building and land value, land value being the largest concern.

Department Response: The Department will work with NVC to address the provider concerns related to the differences in judgment among appraisers and either real or perceived errors in the appraisal itself.

Action Item: Work with NVC to develop a process for distribution of appraisals to administrators, established timeframe for provider comments and concerns, and finally establish a process for mediation involving the Department, NVC, and the administrator to occur prior to any legal action.