

LeadingAge[®] PA

2023

FALL FINANCE CONFERENCE

UNDERSTANDING THE MEDICAID RATE AND THE 70% ACCOUNTABILITY REQUIREMENT

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MEET THE PRESENTERS



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OBJECTIVES

1. Review the calculation of the Medicaid Fee for Service Rate (quarterly and annually).
2. Examine the 70% Accountability Requirement, its calculation, and penalty for not meeting it.
3. Review how the MA-11 Pennsylvania Medicaid cost report impacts the calculations of the Medicaid rate as well as its role in the calculation of the 70% Accountability Requirement.



**COST REPORT SCHEDULE
BACKGROUND**

SCHEDULE A

- Schedule Purpose – To summarize a facility’s change in beds in order to calculate total Medicaid (MA) days for the period.
- This schedule calculates the general occupancy and MA occupancy percentages.

SUMMARY

SCHEDULE A

PART I. TYPE OF FACILITY		PART II. TYPE OF ORGANIZATION			
Approved as: <input type="text" value="1"/>		Type of Organization: <input type="text" value="1"/>			
(1) General (2) Hospital-Based (3) Special Rehabilitation (4) County		(1) Voluntary, Non-Profit (2) Proprietary, Individual (3) Proprietary, Partnership (4) Proprietary, Corporation (5) Proprietary, Other (6) Governmental			
PART III. STATISTICAL DATA	LINE NO.	NURSING FACILITY (A)	RESIDENTIAL & OTHER (B)	TOTAL (C)	DATE OF CHANGE (D)
Beds available at beginning of period	(1a)	100	20	120	
Changes in total beds during period	(1ba)			0	
	(1bb)			0	
	(1bc)			0	
	(1bd)			0	
Beds available at end of period	(1c)	100	20	120	
Bed days available for period	(2)	36,500	7,300	43,800	
Actual resident days for period (SEE INSTRUCTIONS)	(3)	34,190	6,090	40,280	
Percent overall occupancy (Line (3)/Line (2)) (Round to 4 decimals)	(4)	0.9367			
Percent MA occupancy (Line (6)/Line (3)) (Round to 4 decimals)	(5)	0.6742			
Total MA resident days of care	(6)	23,050			

SCHEDULE A

- The yellow fields should tie to Schedule B, discussed in following slides.
- The green fields are calculations, which are described in the description.

SUMMARY

SCHEDULE A

PART I. TYPE OF FACILITY		PART II. TYPE OF ORGANIZATION			
Approved as: <input type="text" value="1"/> (1) General (2) Hospital-Based (3) Special Rehabilitation (4) County		Type of Organization: <input type="text" value="1"/> (1) Voluntary, Non-Profit (2) Proprietary, Individual (3) Proprietary, Partnership (4) Proprietary, Corporation (5) Proprietary, Other (6) Governmental			
PART III. STATISTICAL DATA	LINE NO.	NURSING FACILITY (A)	RESIDENTIAL & OTHER (B)	TOTAL (C)	DATE OF CHANGE (D)
Beds available at beginning of period	(1a)	100	20	120	
Changes in total beds during period	(1ba)			0	
	(1bb)			0	
	(1bc)			0	
	(1bd)			0	
Beds available at end of period	(1c)	100	20	120	
Bed days available for period	(2)	36,500	7,300	43,800	
Actual resident days for period (SEE INSTRUCTIONS)	(3)	34,190	6,090	40,280	
Percent overall occupancy (Line 3)/Line (2)) (Round to 4 decimals)	(4)	0.9367			
Percent MA occupancy (Line 6)/Line (3)) (Round to 4 decimals)	(5)	0.6742			
Total MA resident days of care	(6)	23,050			

SCHEDULE B

- Purpose: To summarize by month the facility's census by payer such as Medicaid, Medicaid CHC, Medicare, Private, and Other

SUMMARY OF RESIDENT CENSUS RECORDS

SCHEDULE B

DAYS OF CARE													
LINE NO.	MONTH (A)	Nursing Facility MA (B)	Nursing Facility MA Community Healthchoices (C)	Nursing Facility MA Healthchoices (D)	Nursing Facility MA Life (E)	Nursing Facility MA Hospice (F)	Nursing Facility Medicare (G)	Nursing Facility All Other (H)	Residential and Other (I)	TOTAL (J)	LINE NO.	Nursing Facility Hospital Leave Days	
												MA (K)	Other (L)
(1)	1	140	1,790			20	230	720	500	3,400	(1)	30	1
(2)	2	130	1,680			60	200	500	558	3,128	(2)	10	4
(3)	3	110	1,540			0	370	540	486	3,046	(3)	10	0
(4)	4	150	1,850			50	350	510	485	3,395	(4)	10	0
(5)	5	170	1,880			90	420	510	593	3,663	(5)	0	0
(6)	6	100	1,830			100	350	510	534	3,424	(6)	0	0
(7)	7	100	1,840			10	210	600	500	3,260	(7)	10	0
(8)	8	70	1,750			100	300	520	493	3,233	(8)	20	17
(9)	9	150	1,630			0	330	740	514	3,364	(9)	10	0
(10)	10	150	1,720			10	480	640	491	3,491	(10)	0	13
(11)	11	70	1,830			60	460	550	455	3,425	(11)	0	8
(12)	12	170	1,610			90	480	620	481	3,451	(12)	0	1
(13)	TOTAL	1,510	20,950	0	0	590	4,180	6,960	6,090	40,280	(13)	100	44

SCHEDULE B

- The yellow cells are all related to the MA program, with all bright yellow data points flowing back up to Schedule A for MA Occupancy percentage.

SUMMARY OF RESIDENT CENSUS RECORDS

SCHEDULE B

DAYS OF CARE													
LINE NO.	MONTH (A)	Nursing Facility MA (B)	Nursing Facility MA Community Healthchoices (C)	Nursing Facility MA Healthchoices (D)	Nursing Facility MA Life (E)	Nursing Facility MA Hospice (F)	Nursing Facility Medicare (G)	Nursing Facility All Other (H)	Residential and Other (I)	TOTAL (J)	LINE NO.	Nursing Facility Hospital Leave Days	
												MA (K)	Other (L)
(1)	1	140	1,790			20	230	720	500	3,400	(1)	30	1
(2)	2	130	1,680			60	200	500	558	3,128	(2)	10	4
(3)	3	110	1,540			0	370	540	486	3,046	(3)	10	0
(4)	4	150	1,850			50	350	510	485	3,395	(4)	10	0
(5)	5	170	1,880			90	420	510	593	3,663	(5)	0	0
(6)	6	100	1,830			100	350	510	534	3,424	(6)	0	0
(7)	7	100	1,840			10	210	600	500	3,260	(7)	10	0
(8)	8	70	1,750			100	300	520	493	3,233	(8)	20	17
(9)	9	150	1,630			0	330	740	514	3,364	(9)	10	0
(10)	10	150	1,720			10	480	640	491	3,491	(10)	0	13
(11)	11	70	1,830			60	460	550	455	3,425	(11)	0	8
(12)	12	170	1,610			90	480	620	481	3,451	(12)	0	1
(13)	TOTAL	1,510	20,950	0	0	590	4,180	6,960	6,090	40,280	(13)	100	44

SCHEDULE B

- The purple highlighted cells are related to Non-SNF days, such as personal care or independent living days, and are not included in the occupancy calculation.

SUMMARY OF RESIDENT CENSUS RECORDS

SCHEDULE B

DAYS OF CARE													
LINE NO.	MONTH (A)	Nursing Facility MA (B)	Nursing Facility MA Community Healthchoices (C)	Nursing Facility MA Healthchoices (D)	Nursing Facility MA Life (E)	Nursing Facility MA Hospice (F)	Nursing Facility Medicare (G)	Nursing Facility All Other (H)	Residential and Other (I)	TOTAL (J)	LINE NO.	Nursing Facility Hospital Leave Days	
												MA (K)	Other (L)
(1)	1	140	1,790			20	230	720	500	3,400	(1)	30	1
(2)	2	130	1,680			60	200	500	558	3,128	(2)	10	4
(3)	3	110	1,540			0	370	540	486	3,046	(3)	10	0
(4)	4	150	1,850			50	350	510	485	3,395	(4)	10	0
(5)	5	170	1,880			90	420	510	593	3,663	(5)	0	0
(6)	6	100	1,830			100	350	510	534	3,424	(6)	0	0
(7)	7	100	1,840			10	210	600	500	3,260	(7)	10	0
(8)	8	70	1,750			100	300	520	493	3,233	(8)	20	17
(9)	9	150	1,630			0	330	740	514	3,364	(9)	10	0
(10)	10	150	1,720			10	480	640	491	3,491	(10)	0	13
(11)	11	70	1,830			60	460	550	455	3,425	(11)	0	8
(12)	12	170	1,610			90	480	620	481	3,451	(12)	0	1
(13)	TOTAL	1,510	20,950	0	0	590	4,180	6,960	6,090	40,280	(13)	100	44



SCHEDULE C

- Purpose: Present all costs (expenses) for the year.
- The costs are organized by cost center (Nursing, Dietary, Admin, etc.) and cost type (salary, fringe benefits, and other).
- Costs are also allocated between Nursing and Residential.
 - Allocation of costs are based on different bases.
 - Examples include square footage, meal counts, or laundry pounds.
- This schedule also presents adjustments to expenses considered nonallowable

SCHEDULE C

COMPUTATION AND ALLOCATION OF ALLOWABLE COST (Rounded to Nearest Dollar)

COST CENTERS	LINE NO.	Salary Cost (A)	Fringe Benefits (B)	Other Expenses (C)	Total Expenses (D)	Adjustments (E)	Allowable Cost (F)	ALLOCATIONS \$		ALLOCATIONS %		SCHEDULE C	
								Nursing Facility (G)	Residential & Other (H)	Nursing Facility (I)	Residential & Other (J)	Allocation Basis (K)	LINE NO.
I. RESIDENT CARE COSTS													
Nursing	(1)	4,241,000	1,588,870	384,000	6,213,870	0	6,213,870	4,971,096	1,242,774	0.8000	0.2000	Direct Salary	(1)
Director of Nursing/RNAC	(2)	163,000	27,000	13,000	203,000	0	203,000	203,000	0	1.0000	0.0000	Actual Costs	(2)
Related Clerical Staff	(3)	200,000	62,000	10,000	272,000	0	272,000	230,876	41,124	0.8488	0.1512	% Resident Days	(3)
Practitioners	(4)	0	0	3,000	3,000	-3,000	0	0	0	1.0000	0.0000	Actual Salary	(4)
Medical Director	(5)	0	0	60,000	60,000	0	60,000	60,000	0	1.0000	0.0000	Actual Costs	(5)
Social Services	(6)	120,000	39,000	0	159,000	0	159,000	134,961	24,039	0.8488	0.1512	% Resident Days	(6)
Resident Activities	(7)	298,000	96,000	65,000	459,000	-500	458,500	458,500	0	1.0000	0.0000	Actual Costs	(7)
Volunteer Services	(8)	0	0	0	0	0	0	0	0	1.0000	0.0000	Actual	(8)
Pharmacy-Prescription Drugs	(9)	0	0	324,000	324,000	-324,000	0					Actual Costs	(9)
Over-the-Counter Drugs	(10)	0	0	55,000	55,000	-100	54,900	54,900	0	1.0000	0.0000	Actual Costs	(10)
Medical Supplies	(11)	56,000	15,000	223,000	294,000	-8,200	285,800	285,800	0	1.0000	0.0000	Actual Costs	(11)
Laboratory and X-rays	(12)	0	0	150,000	150,000	-150,000	0					Actual Costs	(12)
Physical, Occupational & Speech Therapy	(13)	0	0	822,000	822,000	-320,000	502,000	502,000	0	1.0000	0.0000	Actual Costs	(13)
Oxygen	(14)	0	0	6,000	6,000	0	6,000	6,000	0	1.0000	0.0000	Actual Costs	(14)
Beauty and Barber Services	(15)	32,000	30,000	2,000	64,000	-27,500	36,500	36,500	0	1.0000	0.0000	Actual Costs	(15)
RC Minor Movable Property	(16)	0	0	1,000	1,000	8,000	9,000	9,000	0	1.0000	0.0000	Actual	(16)
Nurse Aide Training	(17)	0	0	0	0	0	0	0	0	1.0000	0.0000	Actual Costs	(17)
-	(18)	0	0	0	0	0	0	0	0	1.0000	0.0000	Actual Costs	(18)
-	(19)	0	0	0	0	0	0	0	0	1.0000	0.0000	Actual Costs	(19)
Total Resident Care Costs	(20)	5,110,000	1,857,870	2,118,000	9,085,870	-825,300	8,260,570	6,952,633	1,307,937				(20)
II. OTHER RESIDENT RELATED COSTS													
Dietary and Food	(21)	1,250,000	437,500	2,200,000	3,887,500	-520,000	3,367,500	2,896,050	471,450	0.8600	0.1400	# Meals Served	(21)
Laundry and Linens	(22)	250,000	87,500	100,000	437,500	0	437,500	402,500	35,000	0.9200	0.0800	Pounds of Laundry	(22)
Housekeeping	(23)	450,000	157,500	550,000	1,157,500	-10,000	1,147,500	118,193	1,029,307	0.1030	0.8970	Sq Ft	(23)
Plant Operation & Maintenance	(24)	500,000	175,000	1,033,631	1,708,631	-300,000	1,408,631	145,089	1,263,542	0.1030	0.8970	Sq Ft	(24)
ORR Minor Movable Property	(25)	0	0	100,000	100,000	0	100,000	10,300	89,700	0.1030	0.8970	Sq Ft	(25)
0	(26)	0	0	0	0	0	0	0	0	1.0000	0.0000	Actual	(26)
0	(27)	0	0	0	0	0	0	0	0	1.0000	0.0000	Actual	(27)
Total Other Resident Related Costs	(28)	2,450,000	857,500	3,983,631	7,291,131	-830,000	6,461,131	3,572,132	2,888,999				(28)
III. ADMINISTRATIVE COSTS													
Administrative (Schedule G)	(29)	1,300,000	455,000	1,445,669	3,200,669	-1,192,238	2,008,431	1,435,827	572,604	0.7149	0.2851	Total NO Cost	(29)
Total Net Operating (NO) Costs	(30)	8,860,000	3,170,370	7,547,300	19,577,670	-2,847,538	16,730,132	11,960,592	4,769,540				(30)
IV. CAPITAL COSTS													
Real Estate Taxes	(31)			1,170,960	1,170,960	-80	1,170,880	0	1,170,880	0.0000	1.0000	Actual	(31)
Major Movable Property	(32)			81,203	81,203	29,298	110,501	56,952	53,549	0.5154	0.4846	Actual	(32)
Nursing Facility Assessment/HAI Assessment	(33)			168,251	168,251								(33)
Depreciation	(34)			2,249,616	2,249,616								(34)
Interest on Capital Indebtedness	(35)			500,896	500,896								(35)
Rent of Facility	(36)			0	0								(36)
Amortization - Capital Costs	(37)			0	0								(37)
-	(38)			0	0								(38)
Total Capital Costs	(39)			4,170,926	4,170,926								(39)
Total All Costs	(40)	6,088,001	2,347,255	7,848,167	23,748,596	-2,818,320							(40)



SCHEDULE D

- Purpose: To summarize the facility's revenues by type of revenue and payer.
- This schedule also calculates the net income (NI).
- This schedule will also include adjustments for what is disallowed revenue under the Medicaid program.

SCHEDULE D

REVENUES AND ADJUSTMENTS TO REVENUES

SCHEDULE D

REVENUES	LINE NO.	MEDICAL ASSISTANCE (A)	MEDICARE PART A (B)	MEDICARE PART B (C)	PRIVATE PAY & OTHER (D)	GENERAL LEDGER (E)	NURSING FACILITY (F)	RESIDENTIAL & OTHER (G)	REVENUE ADJUSTMENTS TO SCHEDULE C (H)	SCHEDULE C LINE NUMBER (I)
I. RESIDENT CARE										
Nursing Care	(1)	7,041,000	1,677,000		3,104,000	11,822,000	11,822,000	0		Line 1
Practitioners	(2)	0	0	0	0	0	0	0		Line 4
Pharmacy-Prescription Drugs	(3)	1,138,000	167,000	0	111,000	1,416,000	1,416,000	0		Line 9
Over-the-Counter Drugs	(4)	0	0	0	0	0	0	0		Line 10
Medical Supplies	(5)	171,000	1,000	7,000	34,000	213,000	213,000	0		Line 11
Laboratory and X-rays	(6)	1,000	44,000	0	23,000	68,000	68,000	0		Line 12
Physical, Occupational & Speech Therapy	(7)	0	1,566,000	1,100,000	991,000	3,657,000	3,657,000	0		Line 13
Oxygen	(8)	4,000	0	0	1,000	5,000	5,000	0		Line 14
Beauty and Barber Services	(9)	4,000			24,000	28,000	28,000	0	-28,000	Line 15
Exceptional DME Grant Payments	(10)	0				0	0		0	Attach Schedule
	(11)	0	0	0	0	0	0	0		0
	(12)	0	0	0	0	0	0	0		0
II. OTHER										
Guest and Employee Meals	(13)				42,000	42,000	42,000	0		Line 21
Discounts	(14)				0	0				Line 29
Vending Machines	(15)				500	500				Line 21
Television	(16)				0	0	0	0	0	Line 24
Telephone	(17)				7,000	7,000	7,000	0	-7,000	Line 29
Unrestricted Interest/Investment Income	(18)				52,000	52,000				Line 29
Miscellaneous: (If any line 19 - 21 greater than \$500, provide separate detail with source & amounts)	(19)	615,000	8,000	0	4,360,000	4,983,000	4,983,000	0	-320,000	Attach Schedule
Various - See Attached	(20)	0	0	0	0	0	0	0	0	Attach Schedule
	(21)	0	0	0	0	0	0	0	0	Attach Schedule
TOTAL: GROSS REVENUES (Add Lines 1 - 21)	(22)	8,974,000	3,463,000	1,107,000	8,749,500	22,293,500	22,241,000	0		
III. DEDUCTIONS FROM REVENUES										
Uncollectible Accounts	(23)	0	0	0	0	0	0	0		0
Contractual Adjustments	(24)	3,600,000	900,000	660,000	700,000	5,860,000	5,860,000	0		0
	(25)	0	0	0	0	0	0	0		0
SUBTOTAL: Deductions	(26)	3,600,000	900,000	660,000	700,000	5,860,000	5,860,000	0		
NET REVENUE (Line 22 minus Line 26)	(27)	5,374,000	2,563,000	447,000	8,049,500	16,433,500	16,381,000	0		
LESS: EXPENSES (Sch. C, Line 40, Column D)	(28)					23,748,596				
NET INCOME (LOSS)	(29)					-7,315,096				
TOTAL SCHEDULE D ADJUSTMENTS	(30a)								-355,000	
TOTAL SCHEDULE E ADJUSTMENTS	(30b)								-2,500,000	
TOTAL ADJUSTMENTS	(31)								-2,855,000	



COST REPORT RESOURCES

- State regulations – PA Code Title 55, Chapter 1187
- Interpretive guidance – provides interpretation of the PA code regulations
- NFRP Website
 - Cost report prep instructions and manuals
 - User manuals
 - All accepted cost reports from 2009-Present



MEDICAID FEE FOR SERVICE RATE CALCULATION



THE BASICS

- Rate Setting Schedule
- What is considered for the Medicaid Rate Calculation for each facility:
 - Cost Report Impact
 - Peer Group
 - Total Facility Case Mix Index (CMI) and Medicaid CMI



RATE SETTING SCHEDULE

- Annually rates are rebased with updated for the following for July 1st:
 - DHS audited facility cost report information;
 - Peer Group Pricing; and
 - Updated total facility CMI

RATE SETTING SCHEDULE

- Quarterly rates are updated for the following for October 1st, January 1st, and April 1st :
 - Updated quarterly facility MA CMI
 - Budget Adjustment Factor (BAF)

MA Rate Date	Picture Date
July 1 st	February 1 st
October 1 st	May 1 st
January 1 st	August 1 st
April 1 st	November 1 st

COST REPORT IMPACT

SCHEDULE C

COMPUTATION AND ALLOCATION OF ALLOWABLE COST (Rounded to Nearest Dollar)

For the past 3 DHS audited cost reports:

- Resident Care (RC)
- Other Resident Related (ORR)
- Admin (ADM)
- Major Movable (MM)

COST CENTERS	LINE NO.	Salary Cost (A)	Fringe Benefits (B)	Other Expenses (C)	Total Expenses (D)	Adjustments (E)	Allowable Cost (F)	ALLOCATIONS \$		ALLOCATIONS %		Allocation Basis (K)	LINE NO.
								Nursing Facility (G)	Residential & Other (H)	Nursing Facility (I)	Residential & Other (J)		
I. RESIDENT CARE COSTS													
Nursing	(1)	6,189,000	1,528,000	68,000	7,785,000	0	7,785,000	6,383,700	1,401,300	0.8200	0.1800	Direct Salary	(1)
Director of Nursing/RNAC	(2)	750,000	165,000	4,000	919,000	-1,800	917,200	917,200	0	1.0000	0.0000	Direct Salary	(2)
Related Clerical Staff	(3)	0	0	0	0	0	0	0	0	1.0000	0.0000	Actual Costs	(3)
Practitioners	(4)	0	0	0	0	0	0	0	0	1.0000	0.0000	Direct Salary	(4)
Medical Director	(5)	0	0	28,000	28,000	0	28,000	28,000	0	1.0000	0.0000	Actual Costs	(5)
Social Services	(6)	230,000	61,000	0	291,000	0	291,000	232,800	58,200	0.8000	0.2000	Actual	(6)
Resident Activities	(7)	237,000	69,000	15,000	321,000	0	321,000	256,800	64,200	0.8000	0.2000	Actual	(7)
Volunteer Services	(8)	0	0	0	0	0	0	0	0	1.0000	0.0000		(8)
Pharmacy- Prescription Drugs	(9)	0	0	0	0	0	0					Actual Costs	(9)
Over-the-Counter Drugs	(10)	0	0	0	0	0	0	0	0	1.0000	0.0000	Actual Costs	(10)
Medical Supplies	(11)	0	0	494,000	494,000	-176,000	318,000	311,640	6,360	0.9800	0.0200	Actual Costs	(11)
Laboratory and X-rays	(12)	0	0	0	0	0	0					Actual Costs	(12)
Physical, Occupational & Speech Therapy	(13)	0	0	601,000	601,000	-187,000	414,000	414,000	0	1.0000	0.0000	Actual Costs	(13)
Oxygen	(14)	0	0	21,000	21,000	-13,000	8,000	8,000	0	1.0000	0.0000	Actual Costs	(14)
Beauty and Barber Services	(15)	0	0	4,000	4,000	-4,000	0	0	0	0.7500	0.2500	Actual	(15)
RC Minor Movable Property	(16)	0	0	7,000	7,000	4,000	11,000	7,370	3,630	0.6700	0.3300	Actual	(16)
Nurse Aide Training	(17)	0	0	8,000	8,000	-4,800	3,200	3,200	0	1.0000	0.0000	Actual Costs	(17)
-	(18)	0	0	0	0	0	0	0	0	1.0000	0.0000	Actual Costs	(18)
-	(19)	0	0	0	0	0	0	0	0	0.6800	0.3200	% Resident Days	(19)
Total Resident Care Costs	(20)	7,406,000	1,823,000	1,250,000	10,479,000	-382,600	10,096,400	8,562,710	1,533,690				(20)
II. OTHER RESIDENT RELATED COSTS													
Dietary and Food	(21)	1,079,000	237,000	623,000	1,939,000	-95,000	1,844,000	1,290,800	553,200	0.7000	0.3000	# Meals Served	(21)
Laundry and Linens	(22)	224,000	75,000	52,000	351,000	0	351,000	319,410	31,590	0.9100	0.0800	Pounds of Laundry	(22)
Housekeeping	(23)	520,000	186,000	67,000	773,000	-3,000	770,000	515,900	254,100	0.6700	0.3300	Actual	(23)
Plant Operation & Maintenance	(24)	653,000	168,000	995,000	1,816,000	-4,800	1,811,200	1,159,168	652,032	0.6400	0.3600	Actual	(24)
ORR Minor Movable Property	(25)	0	0	2,000	2,000	7,000	9,000	6,750	2,250	0.7500	0.2500	Actual	(25)
-	(26)	0	0	0	0	0	0	0	0	1.0000	0.0000	Actual Costs	(26)
-	(27)	0	0	0	0	0	0	0	0	1.0000	0.0000	Actual Costs	(27)
Total Other Resident Related Costs	(28)	2,476,000	666,000	1,739,000	4,881,000	-95,800	4,785,200	3,292,028	1,493,172				(28)
III. ADMINISTRATIVE COSTS													
Administrative (Schedule G)	(29)	1,826,000	372,000	890,000	3,088,000	-1,058,000	2,030,000	1,624,000	406,000	0.8000	0.2000	Total NO Cost	(29)
Total Net Operating (NO) Costs	(30)	11,708,000	2,861,000	3,879,000	18,448,000	-1,536,400	16,911,600	13,478,738	3,432,862				(30)
IV. CAPITAL COSTS													
Real Estate Taxes	(31)			280,000	280,000	-281,000	-1,000	-1,000	0	1.0000	0.0000	Actual	(31)
Major Movable Property	(32)			0	0	170,000	170,000	132,600	37,400	0.7800	0.2200	Actual	(32)
Nursing Facility Assessment/HAI Assessment	(33)			-190,000	-190,000								(33)
Depreciation	(34)			1,400,000	1,400,000								(34)
Interest on Capital Indebtedness	(35)			500,000	500,000								(35)
Rent of Facility	(36)			0	0								(36)
-	(37)			0	0								(37)
-	(38)			0	0								(38)
Total Capital Costs	(39)			1,990,000	1,990,000								(39)
Total All Costs	(40)	11,708,000	2,861,000	5,869,000	20,438,000	-1,647,400							(40)

PEER GROUP RATES

MEDIAN	RCPRICE 512	ORCPRI	ADMPRICE
1	\$179.40	\$69.91	\$25.28
2	\$185.94	\$58.83	\$29.61
3	\$207.94	\$65.05	\$33.07
4	\$187.29	\$68.32	\$29.48
5	\$187.82	\$55.07	\$29.40
6	\$209.03	\$63.72	\$34.36
8	\$172.88	\$61.64	\$29.91
9	\$164.36	\$58.26	\$29.04
11	\$167.59	\$55.56	\$27.20
12	\$168.77	\$58.91	\$28.38



CASE MIX INDEX

- The Pennsylvania Medicaid system is a “Case-Mix” reimbursement system which means it measures the intensity of care and services required for resident and translates those measures into the payment.
- Case Mix for Medicaid purposes is determined based on the RUG calculation.
- The Case Mix Index is determined on the picture date based on residents in the facility on that date, and their most recent MDS completed.

STEP #1 – ADJUST THE THIRD MOST RECENT COST REPORT FOR INFLATION

Third Most Recent Cost Report - 6/30/2019

	TOTAL	RC	ORR	ADMIN	CAP
6/30/2019					
TOTAL		\$7,400,000	\$1,700,000	\$1,400,000	
INFLATION ADJUSTMENT		1.21360	1.21360	1.21360	
TOTAL FAC CMI - 02/15/2021		0.93			
RESIDENT DAYS	38,500	38,500	38,500	38,500	38,500
PER DIEM		\$250.82	\$53.59	\$44.13	

STEP #2 – ADJUST THE SECOND MOST RECENT COST REPORT FOR INFLATION

Second Most Recent Cost Report - 6/30/2020

	TOTAL	RC	ORR	ADMIN	CAP
6/30/2020					
TOTAL		\$7,900,000	\$1,900,000	\$1,500,000	
INFLATION ADJUSTMENT		1.1905	1.1905	1.1905	
TOTAL FAC CMI - 02/15/2022		0.96			
RESIDENT DAYS	<u>38,000</u>	<u>38,000</u>	<u>38,000</u>	<u>38,000</u>	<u>38,000</u>
PER DIEM		\$257.81	\$59.53	\$46.99	

STEP #3 – ADJUST THE MOST RECENT COST REPORT FOR INFLATION

First Most Recent Cost Report - 6/30/2021

	TOTAL	RC	ORR	ADMIN	CAP
6/30/2021					
TOTAL		\$10,096,400	\$1,750,000	\$2,030,000	
INFLATION ADJUSTMENT		1.14680	1.14680	1.14680	
TOTAL FAC CMI - 02/15/2023		1.02			
RESIDENT DAYS	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>
PER DIEM		\$333.87	\$59.03	\$68.47	

STEP #4 – CALCULATE THE AVERAGE PER DIEM COST

Average Calculation

Cost Report Year	RC	ORR	Admin
6/30/2019 Calculated Per Diem	\$250.82	\$53.59	\$44.13
6/30/2020 Calculated Per Diem	\$257.81	\$59.53	\$46.99
6/30/2021 Calculated Per Diem	\$333.87	\$59.03	\$68.47
Average Costs- 07/01/2023	\$280.83	\$57.38	\$53.20

STEP #5 – CALCULATE THE CAPITAL RATE

	CAPITAL VALUE
Allowable Beds	112
Per Bed Limit	26,000
Total Appraised Value	<u>2,912,000</u>
Financial Yield Rate	3.36%
Fair Rental Value	97,843
Property Taxes	-
Major Movable Equipment	<u>170,000</u>
Capital Cost	267,843
Resident Days	<u>37,449</u>
Capital Rate	<u><u>7.15</u></u>

STEP #6 – CALCULATE RC AND ORR LIMITATIONS

Resident Care Limitation

Facility CM Neutralized Cost	\$280.83	
Factor	<u>1.03</u>	
Adjusted Per Diem	289.26	1
Peer Group Price	<u>209.03</u>	
Difference	(80.23)	
Times percentage	<u>30%</u>	
Add-On	0.00	2
Total Per Diem for comparison	\$289.26	(1+2)

Other Resident Related Limitation

Facility Avg Per Diem	\$57.38	
Factor	<u>1.03</u>	
Adjusted Per Diem	59.10	3
Peer Group Price	<u>63.72</u>	
Difference	4.62	
Times percentage	<u>30%</u>	
Add-On	1.39	4
Total Per Diem for comparison	\$60.49	(3+4)

STEP #7 – APPLY MA CMI ADJUSTMENT AND BAF

	RC	ORR	ADMIN	CAP	TOTAL
Peer Group Price - 6	\$ 209.03	\$ 63.72	\$ 34.36		
Limited Per Diem	\$ 209.03	\$ 60.49			
MA CMI	0.86				
Price Paid	\$ 179.77	\$ 60.49	\$ 34.36	\$ 7.15	\$ 281.77
			Rate Multiplier		0.83357
			Final Rate		\$ 234.88



MANAGED CARE MINIMUM PAYMENT RATES

- As of January 1, 2023 the CHC managed care organizations are required to meet the Minimum Payment rates as published by DHS quarterly.
- Rates with individual Managed Care providers can still be negotiated, however the negotiated rate needs to comply with the Minimum Rate schedule.
- This program replaces the Appendix 4 monthly distributions.



MANAGED CARE MINIMUM PAYMENT RATES

- The Minimum Payment rates include 3 components:
 1. Nonpublic NF Fee for Service – this portion matches the DHS published Medicaid Rate)
 2. Nonpublic NF Uniform Per Diem – this portion is the same for all facilities and is related to the amount of funds available for the annual assessment
 3. Medicaid Allowable NF Assessment Cost Per Diem – this portion is related to the facilities allowable cost.
- Components 2 and 3 are reassessed annually.



MANAGED CARE MINIMUM PAYMENT RATES

- Component 2 and 3 are reassessed annually.
- Rates with individual Managed Care providers can still be negotiated, however the negotiated rate needs to comply with the Minimum Rate schedule.



70% ACCOUNTABILITY REQUIREMENT DETAILS



BACKGROUND

The PA General Assembly approved a 17.5% rate increase in the 2022-2023 state budget for Medicaid nursing home care.

Along with the Medicaid funding increase, there are provisions in House Bill 1421 that require Medicaid nursing home providers to demonstrate that 70% of costs are Resident Care and Other Resident Related.

- House Bill 1421 also includes language specific to Continuing Care Retirement Communities (CCRCs).

The document utilized to calculate the 70% requirement is the MA-11 Medicaid Cost Report

CALCULATION DATA POINTS

COMPUTATION AND ALLOCATION OF ALLOWABLE COST													SCHEDULE C
(Rounded to Nearest Dollar)													
COST CENTERS	LINE NO.	Salary Cost (A)	Fringe Benefits (B)	Other Expenses (C)	Total Expenses (D)	Adjustments (E)	Allowable Cost (F)	ALLOCATIONS \$		ALLOCATIONS %		Allocation Basis (K)	LINE NO.
								Nursing Facility (G)	Residential & Other (H)	Nursing Facility (I)	Residential & Other (J)		
I. RESIDENT CARE COSTS													
Nursing	(1)							0	1.0000	0.0000	Direct Salary	(1)	
Director of Nursing/IRNAC	(2)							0	1.0000	0.0000	Actual Costs	(2)	
Related Clerical Staff	(3)							0	1.0000	0.0000	Actual Costs	(3)	
Practitioners	(4)							0	1.0000	0.0000	Actual Salary	(4)	
Medical Director	(5)							0	1.0000	0.0000	Actual Costs	(5)	
Social Services	(6)							0	1.0000	0.0000	Actual Costs	(6)	
Resident Activities	(7)							0	1.0000	0.0000	Actual Costs	(7)	
Volunteer Services	(8)							0	1.0000	0.0000	Actual	(8)	
Pharmacy-Prescription Drugs	(9)										Actual Costs	(9)	
Over-the-Counter Drugs	(10)							0	1.0000	0.0000	Actual Costs	(10)	
Medical Supplies	(11)							0	1.0000	0.0000	Actual Costs	(11)	
Laboratory and X-rays	(12)										Actual Costs	(12)	
Physical, Occupational & Speech Therapy	(13)							0	1.0000	0.0000	Actual Costs	(13)	
Oxygen	(14)							0	1.0000	0.0000	Actual Costs	(14)	
Beauty and Barber Services	(15)							0	1.0000	0.0000	Actual Costs	(15)	
RC Minor Movable Property	(16)							0	1.0000	0.0000	Actual	(16)	
Nurse Aide Training	(17)							0	1.0000	0.0000	Actual Costs	(17)	
-	(18)							0	1.0000	0.0000	Actual Costs	(18)	
-	(19)							0	1.0000	0.0000	Actual Costs	(19)	
Total Resident Care Costs	(20)				NUMERATOR			0				(20)	
II. OTHER RESIDENT RELATED COSTS													
Dietary and Food	(21)							0	1.0000	0.0000	# Meals Served	(21)	
Laundry and Linens	(22)							0	1.0000	0.0000	Pounds of Laundry	(22)	
Housekeeping	(23)							0	1.0000	0.0000	Actual	(23)	
Plant Operation & Maintenance	(24)							0	1.0000	0.0000	Actual	(24)	
ORR Minor Movable Property	(25)							0	1.0000	0.0000	Actual	(25)	
0	(26)							0	1.0000	0.0000	Actual	(26)	
0	(27)							0	1.0000	0.0000	Actual	(27)	
Total Other Resident Related Costs	(28)				NUMERATOR			0				(28)	
III. ADMINISTRATIVE COSTS													
Administrative (Schedule G)	(29)							0	1.0000	0.0000	Total NO Cost	(29)	
Total Net Operating (NO) Costs	(30)				DENOMINATOR			0				(30)	
IV. CAPITAL COSTS													
Real Estate Taxes	(31)							DENOMINATOR	0	1.0000	0.0000	Actual	(31)
Major Movable Property	(32)							0	1.0000	0.0000	Actual	(32)	
Nursing Facility Assessment/HAI Assessment	(33)							DENOMINATOR				(33)	
Depreciation	(34)							DENOMINATOR				(34)	
Interest on Capital Indebtedness	(35)							DENOMINATOR				(35)	
Rent of Facility	(36)							DENOMINATOR				(36)	
Amortization - Capital Costs	(37)							DENOMINATOR				(37)	
-	(38)							DENOMINATOR				(38)	
Total Capital Costs	(39)											(39)	
Total All Costs	(40)											(40)	

NURSING FACILITY (NF) CALCULATION

MA - New Required Calculation

SNF

Numerator:

Line 20 Column D	C20D	9,085,870
Line 28 Column D	C28D	7,291,131
Total Numerator		<u>16,377,001</u>

Denominator:

Line 30 Column D	C30D	19,577,670
Line 31 Column D	C31D	1,170,960
Line 33 Column D	C33D	168,251
Line 34 Column D	C34D	2,249,616
Line 35 Column D	C35D	500,896
Line 36 Column D	C36D	-
Line 37 Column D	C37D	-
Line 38 Column D	C38D	-
Total Denominator		<u>23,667,393</u>

Resident Related Percentage 69%

Calculation Utilizing Schedule C of the MA – 11

Line 20 Column D + Line 28 Column D

Line 30 Column D + Line 39 Column D – Line 32 Column D



CCRC CALCULATION

House Bill 1421 states that “when a county or nonpublic nursing facility is affiliated with a continuing care retirement community, the following shall apply”:

- Submit a supplemental cost report schedule apportioning the capital costs related to the nursing facility, in a form and manner as prescribed by the Department of Human Services.
- Use the CCRC calculation methodology.

CCRC CALCULATION CONTINUED

MA - New Required Calculation

CCRC

Numerator:

Line 20 Column D	C20D				9,085,870
Line 28 Column D	C28D				7,291,131
Total Numerator					<u>16,377,001</u>

Denominator:

	Cost Report Number	Allocation	Allocation Basis		
Line 30 Column D	C30D	10.30%	C24I	19,577,670	
Line 31 Column G	C31G	10.30%	C24I	-	
Line 33 Column D	C33D	168,251	100.00% Assumed 100% SNF	168,251	
Line 34 Column D	C34D	4,749,616	10.30%	C24I	489,210
Line 35 Column D	C35D	1,815,222	10.30%	C24I	186,968
Line 36 Column D	C36D	-	10.30%	C24I	-
Line 37 Column D	C37D	-	10.30%	C24I	-
Line 38 Column D	C38D	-	10.30%	C24I	-
Total Denominator					<u>20,422,099</u>
Resident Related Percentage					<u>80%</u>

Calculation Utilizing Schedule C of the MA – 11

Line 20 Column D + Line 28 Column D
Line 30 Column D + Line 31 Column G + Newly Allocated Line 33 through 38 Column D



PENALTY FOR BEING BELOW 70%



PENALTY

- House Bill 1421 includes a penalty if the Accountability Requirement percentage is less than 70%.
- The penalty is the difference between the 70% requirement and the actual percentage from the MA-11 Medicaid Cost Report; however, the penalty can be no more than 5%.
- The penalty percentage is imposed against the **June 30, 2022** FFS per diem rate.
- The penalty will be enforced for full 12-month MA-11 Medicaid Cost Reports beginning on or after January 1, 2023.
- The penalty expires December 31, 2025.

UNDER 70% BY LESS THAN 5%

MA - New Required Calculation

SNF

Numerator:

Line 20 Column D	C20D	\$ 9,085,870
Line 28 Column D	C28D	7,291,131
Total Numerator		<u>16,377,001</u>

Denominator:

Line 30 Column D	C30D	\$ 19,994,102
Line 31 Column D	C31D	1,170,960
Line 33 Column D	C33D	168,251
Line 34 Column D	C34D	2,249,616
Line 35 Column D	C35D	500,896
Line 36 Column D	C36D	-
Line 37 Column D	C37D	-
Line 38 Column D	C38D	-
Total Denominator		<u>24,083,825</u>

Resident Related Percentage 68%

MA Rate as of 4/1/2022 \$ 217.89

Resident Related Percentage 68%

Required Percentage 70%

Claw Back Percentage 2%

Claw Back \$ (4.36)

Penalty to be Paid

Claw Back per day Penalty \$ (4.36)

Total MA Resident days of care
per MA-11 A6A 10,000

Total Penalty Owed \$ (43,578)

UNDER 70% BY MORE THAN 5%

MA - New Required Calculation

SNF

Numerator:

Line 20 Column D	C20D	\$ 9,085,870
Line 28 Column D	C28D	7,291,131
Total Numerator		<u>16,377,001</u>

Denominator:

Line 30 Column D	C30D	\$ 21,577,670
Line 31 Column D	C31D	1,170,960
Line 33 Column D	C33D	168,251
Line 34 Column D	C34D	2,249,616
Line 35 Column D	C35D	500,896
Line 36 Column D	C36D	-
Line 37 Column D	C37D	-
Line 38 Column D	C38D	-
Total Denominator		<u>25,667,393</u>

Resident Related Percentage 64%

MA Rate as of 4/1/2022 \$ 217.89

Resident Related Percentage 64%

Required Percentage 70%

Claw Back Percentage 5%

Claw Back \$ (10.89)

Penalty to be Paid

Claw Back per day Penalty \$ (10.89)

Total MA Resident days of care
per MA-11 A6A 10,000

Total Penalty Owed **\$ (108,945)**

HOW TO CHANGE THE PERCENTAGE

MA - New Required Calculation

SNF	Impact of Increasing Numerator	
Numerator:		
Line 20 Column D	C20D	9,735,870 <-- Increased
Line 28 Column D	C28D	7,291,131
Total Numerator		17,027,001
Denominator:		
Line 30 Column D	C30D	20,227,670 <-- Increased
Line 31 Column D	C31D	1,170,960
Line 33 Column D	C33D	168,251
Line 34 Column D	C34D	2,249,616
Line 35 Column D	C35D	500,896
Line 36 Column D	C36D	-
Line 37 Column D	C37D	-
Line 38 Column D	C38D	-
Total Denominator		24,317,393
Resident Related Percentage		70%

MA - New Required Calculation

SNF	Impact of Decreasing Denominator	
Numerator:		
Line 20 Column D	C20D	9,085,870
Line 28 Column D	C28D	7,291,131
Total Numerator		16,377,001
Denominator:		
Line 30 Column D	C30D	19,577,670
Line 31 Column D	C31D	1,170,960
Line 33 Column D	C33D	168,251
Line 34 Column D	C34D	1,949,616 <--- Decreased
Line 35 Column D	C35D	500,896
Line 36 Column D	C36D	-
Line 37 Column D	C37D	-
Line 38 Column D	C38D	-
Total Denominator		23,367,393
Resident Related Percentage		70%

STRATEGIES TO CONSIDER

COMPUTATION AND ALLOCATION OF ALLOWABLE COST (Rounded to Nearest Dollar)												SCHEDULE C	
COST CENTERS	LINE NO.	Salary Cost (A)	Fringe Benefits (B)	Other Expenses (C)	Total Expenses (D)	Adjustments (E)	Allowable Cost (F)	ALLOCATIONS \$		ALLOCATIONS %		Allocation Basis (K)	LINE NO.
								Nursing Facility (G)	Residential & Other (H)	Nursing Facility (I)	Residential & Other (J)		
I. RESIDENT CARE COSTS													
Nursing	(1)								0	1.0000	0.0000	Direct Salary	(1)
Director of Nursing/RNAC	(2)								0	1.0000	0.0000	Actual Costs	(2)
Related Clerical Staff	(3)								0	1.0000	0.0000	Actual Costs	(3)
Practitioners	(4)								0	1.0000	0.0000	Actual Salary	(4)
Medical Director	(5)								0	1.0000	0.0000	Actual Costs	(5)
Social Services	(6)								0	1.0000	0.0000	Actual Costs	(6)
Resident Activities	(7)								0	1.0000	0.0000	Actual Costs	(7)
Volunteer Services	(8)								0	1.0000	0.0000	Actual	(8)
Pharmacy-Prescription Drugs	(9)											Actual Costs	(9)
Over-the-Counter Drugs	(10)								0	1.0000	0.0000	Actual Costs	(10)
Medical Supplies	(11)								0	1.0000	0.0000	Actual Costs	(11)
Laboratory and X-rays	(12)											Actual Costs	(12)
Physical, Occupational & Speech Therapy	(13)								0	1.0000	0.0000	Actual Costs	(13)
Oxygen	(14)								0	1.0000	0.0000	Actual Costs	(14)
Beauty and Barber Services	(15)								0	1.0000	0.0000	Actual Costs	(15)
RC Minor Movable Property	(16)								0	1.0000	0.0000	Actual	(16)
Nurse Aide Training	(17)								0	1.0000	0.0000	Actual Costs	(17)
	(18)	-							0	1.0000	0.0000	Actual Costs	(18)
	(19)	-							0	1.0000	0.0000	Actual Costs	(19)
Total Resident Care Costs	(20)				NUMERATOR				0				(20)
II. OTHER RESIDENT RELATED COSTS													
Dietary and Food	(21)								0	1.0000	0.0000	# Meals Served	(21)
Laundry and Linens	(22)								0	1.0000	0.0000	Pounds of Laundry	(22)
Housekeeping	(23)								0	1.0000	0.0000	Actual	(23)
Plant Operation & Maintenance	(24)								0	1.0000	0.0000	Actual	(24)
ORR Minor Movable Property	(25)								0	1.0000	0.0000	Actual	(25)
0	(26)								0	1.0000	0.0000	Actual	(26)
0	(27)								0	1.0000	0.0000	Actual	(27)
Total Other Resident Related Costs	(28)				NUMERATOR				0				(28)
III. ADMINISTRATIVE COSTS													
Administrative (Schedule G)	(29)								0	1.0000	0.0000	Total NO Cost	(29)
Total Net Operating (NO) Costs	(30)				DENOMINATOR				0				(30)
IV. CAPITAL COSTS													
Real Estate Taxes	(31)							DENOMINATOR	0	1.0000	0.0000	Actual	(31)
Major Movable Property	(32)								0	1.0000	0.0000	Actual	(32)
Nursing Facility Assessment/HAI Assessment	(33)						DENOMINATOR						(33)
Depreciation	(34)						DENOMINATOR						(34)
Interest on Capital Indebtedness	(35)						DENOMINATOR						(35)
Rent of Facility	(36)						DENOMINATOR						(36)
Amortization - Capital Costs	(37)						DENOMINATOR						(37)
	(38)	-					DENOMINATOR						(38)
Total Capital Costs	(39)												(39)
Total All Costs	(40)												(40)

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2023

FALL FINANCE CONFERENCE

QUESTIONS?





THANK YOU FOR PARTICIPATING

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