



# **Overview of Nursing Facility and Assisted Living Reimbursement**

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# Nursing Facility Reimbursement Rate Methodology

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- Nursing facility rates vary according to the assessed characteristics of the recipient.
- Rates are determined for 34 case mix classes of service, based upon the Resource Utilization Group (RUG) of the individual client.
- Reimbursements comprise five cost-related components: direct care staff; other recipient care; dietary; general and administration; and fixed capital asset component.
- Cost information is derived from the nursing facility cost report, which is required to be submitted to HHSC on an annual basis.



# Nursing Facility Base Rate Comparison

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- The base rate for clients in a nursing facility ranges from \$82.56 to \$193.36 per day.
  - Clients receiving a RUG score that would pay at the lowest rate might need assistance with bathing, cooking, dressing themselves, and other activities of daily living.
  - Clients receiving a RUG score that would pay at the highest rate must need extensive care and interventions. They must also need at least one of the following interventions: feeding tube; a ventilator or tracheostomy; IV medications; suctioning; extensive assistance with activities of daily living; or need a an extensive amount of rehabilitative therapies (PT, OT, or Speech Therapy).
  - Per Legislature direction, the base rates were adjusted on September 1, 2014.
- Sec. 533.00251(c) requires HHSC to ensure that there is a “minimum reimbursement rate paid to a nursing facility under the managed care program.”
- HHSC requires all managed care organizations (MCOs) to pay rates at or above the fee-for-service (FFS) rate schedule.
- Approximately, 12 percent of clients are served in FFS and 88 percent of clients are in managed care.



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# Nursing Facility Rate Add-Ons

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## Liability Insurance Coverage Add-on

- 76.4 percent of nursing facilities participate.
- Add-on is \$1.67 per resident per day.

## Direct Care Staff Compensation Program

- 82.4 percent of nursing facilities enrolled in SFY 2018.
- 27 levels of participation.
- Add-on is \$0.40 for each level per resident per day.



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# Nursing Facility Rate Add-Ons

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## Quality Incentive Payment Program (QIPP)

- QIPP encourages nursing facilities to improve the quality and innovation of their services, using certain quality measures from the CMS 5-star rating system as criteria for payment.
- QIPP is funded through Intergovernmental Transfers (IGTs) and federal funds.
- 514 out of 1,228 Nursing Facilities currently participate, including:
  - 430 Non-State Government Owned (NSGO); and
  - 84 Private Providers.
- In QIPP Year 1, participating nursing facilities received an average total daily rate increase of over \$18 per day per client.
- QIPP Year 1 effective September 1, 2017; \$400 million All Funds.
- QIPP Year 2 launches September 1, 2018; \$550 million All Funds.



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# Contracted Assisted Living Facilities

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- Assisted Living Program – STAR+PLUS
- Residential Care Program – Fee-for-service
- Majority of days of service in contracted assisted living facilities are private pay
  - 39 percent STAR+PLUS Assisted Living and Residential Care
    - ❖ Of the 39 percent, 31 percent are in managed care and 8 percent are in FFS
  - 61 percent Private Pay



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# Assisted Living / Residential Care Rates

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## Fee-for-Service Residential Care

- 35 Rate Enhancement Levels
- \$30.29 to \$40.60 (per client per day) depending on setting and participation level
- 33.3 percent of FFS Residential Care providers enrolled in rate enhancement in SFY 2018

## STAR+PLUS Assisted Living

- Number of Rate Enhancement Levels vary by MCO
- FFS rates are proxy rates used for informational purposes by providers and MCOs
- \$21.27 to \$64.79 (per client per day) depending on setting and participation level