

WI Medicaid Nursing Home Average Nursing Wage per Hour

Excluding County and State/Tribal-Owned Nursing Homes (excludes purchased services and fringe benefits)

Labor Regions	Modeled T19 PDs		Facility Count		Wages (thousands)		Hours (thousands)		Wage per Hour			Rescaled Industry Index		
	SFY12 Pds	SFY13 Pds	2009 CR	2010 CR	2009 CR	2010 CR	2009 CR	2010 CR	2009 CR	2010 CR	% Chg	SFY12	SFY13	% Chg
Rural	2,461,171	2,411,578	127	131	198,031	207,234	12,189	12,673	16.25	16.35	0.7%	0.956	0.951	-0.5%
Minneapolis	126,078	143,261	13	13	15,583	15,667	933	934	16.69	16.77	0.4%	0.982	0.975	-0.7%
Duluth/Superior	72,166	76,748	4	4	8,041	7,910	479	458	16.78	17.28	3.0%	0.987	1.005	1.8%
Eau Claire	134,897	148,826	11	11	21,203	20,707	1,372	1,254	15.45	16.51	6.8%	0.909	0.960	5.6%
La Crosse	149,308	128,959	5	5	13,358	14,021	791	771	16.88	18.19	7.8%	0.993	1.058	6.5%
Wausau	181,060	159,487	6	7	14,306	15,217	810	853	17.65	17.84	1.1%	1.038	1.037	-0.1%
Madison	436,627	431,219	30	30	61,511	62,450	3,325	3,316	18.50	18.83	1.8%	1.088	1.095	0.6%
Janesville	167,237	153,900	8	7	15,081	14,730	937	877	16.10	16.79	4.3%	0.947	0.976	3.1%
Racine	99,266	111,404	5	5	12,396	11,562	715	673	17.34	17.19	-0.8%	1.020	1.000	-2.0%
Kenosha	181,874	178,334	8	8	19,813	19,101	1,114	1,060	17.78	18.02	1.3%	1.046	1.047	0.1%
Green Bay	293,521	318,249	18	18	32,183	32,302	1,958	1,978	16.44	16.33	-0.7%	0.967	0.949	-1.9%
Sheboygan	161,350	140,053	8	9	11,348	14,134	638	781	17.80	18.09	1.7%	1.047	1.052	0.5%
Milwaukee	1,103,633	1,064,745	58	59	185,265	180,577	10,110	9,834	18.33	18.36	0.2%	1.078	1.067	-1.0%
Appleton	199,279	200,678	10	11	18,833	19,950	1,117	1,142	16.86	17.47	3.6%	0.992	1.016	2.4%
Oshkosh	197,773	175,784	6	6	17,057	17,424	993	984	17.17	17.71	3.1%	1.010	1.030	2.0%
Fond Du Lac	122,796	105,772	8	8	13,824	14,177	851	842	16.24	16.84	3.7%	0.955	0.979	2.5%
Total	6,088,035	5,948,996	325	332	657,834	667,164	38,333	38,431	17.00	17.20	1.2%	1.000	1.000	0.0%

WI Medicaid Nursing Home Preliminary SFY13 Labor Factors

Labor Region	Modeled T19 PDs		Unadjusted PPS Index		Adj. to Rural Base		Rescaled PPS Index			Preliminary WI Labor Factors*		
	SFY12 Pds	SFY13 Pds	FFY12	FFY13	FFY12	FFY13	FFY12	FFY13	% Chg	SFY12	SFY13	% Chg
Rural	2,461,171	2,411,578	0.8997	0.9142	0.8997	0.9142	0.917	0.921	0.4%	0.956	0.951	-0.5%
Minneapolis	126,078	143,261	1.1105	1.1336	1.1623	1.1866	1.185	1.196	0.9%	1.185	1.196	0.9%
Duluth/Superior	72,166	76,748	1.0335	1.0741	1.0817	1.1243	1.103	1.133	2.7%	1.103	1.133	2.7%
Eau Claire	134,897	148,826	0.9597	0.9705	1.0045	1.0158	1.024	1.024	0.0%	0.909	0.960	5.6%
La Crosse	149,308	128,959	0.9685	1.0070	1.0137	1.0540	1.034	1.062	2.7%	0.993	1.058	6.5%
Wausau	181,060	159,487	0.8962	0.8921	0.9380	0.9338	0.956	0.941	-1.6%	1.038	1.037	-0.1%
Madison	436,627	431,219	1.1234	1.1264	1.1758	1.1790	1.199	1.188	-0.9%	1.088	1.095	0.6%
Janesville	167,237	153,900	0.9234	0.9458	0.9665	0.9900	0.985	0.998	1.3%	0.947	0.976	3.1%
Racine	99,266	111,404	0.8630	0.9158	0.9033	0.9586	0.921	0.966	4.9%	1.020	1.000	-2.0%
Kenosha	181,874	178,334	1.0311	1.0558	1.0792	1.1051	1.100	1.114	1.3%	1.046	1.047	0.1%
Green Bay	293,521	318,249	0.9824	0.9793	1.0282	1.0250	1.048	1.033	-1.4%	0.967	0.949	-1.9%
Sheboygan	161,350	140,053	0.9303	0.9515	0.9737	0.9959	0.993	1.004	1.1%	1.047	1.052	0.5%
Milwaukee	1,103,633	1,064,745	0.9961	0.9931	1.0426	1.0395	1.063	1.047	-1.5%	1.078	1.067	-1.0%
Appleton	199,279	200,678	0.9226	0.9268	0.9656	0.9701	0.985	0.978	-0.7%	0.992	1.016	2.4%
Oshkosh	197,773	175,784	0.9319	0.9433	0.9754	0.9874	0.995	0.995	0.0%	1.010	1.030	2.0%
Fond Du Lac	122,796	105,772	0.9291	0.9158	0.9724	0.9586	0.992	0.966	-2.6%	0.955	0.979	2.5%
Total	6,088,035	5,948,996			0.9808	0.9924	1.000	1.000	0.0%	1.006	1.007	0.1%

*Sauk County moved to the Madison Labor Region beginning SFY07.

*Rock County moved to the Madison Labor Region beginning SFY09.

\$ 160.62 \$ 163.58 <--PPS Urban Base

\$ 153.46 \$ 156.28 <--PPS Rural Base

Final SFY13 Labor Factors

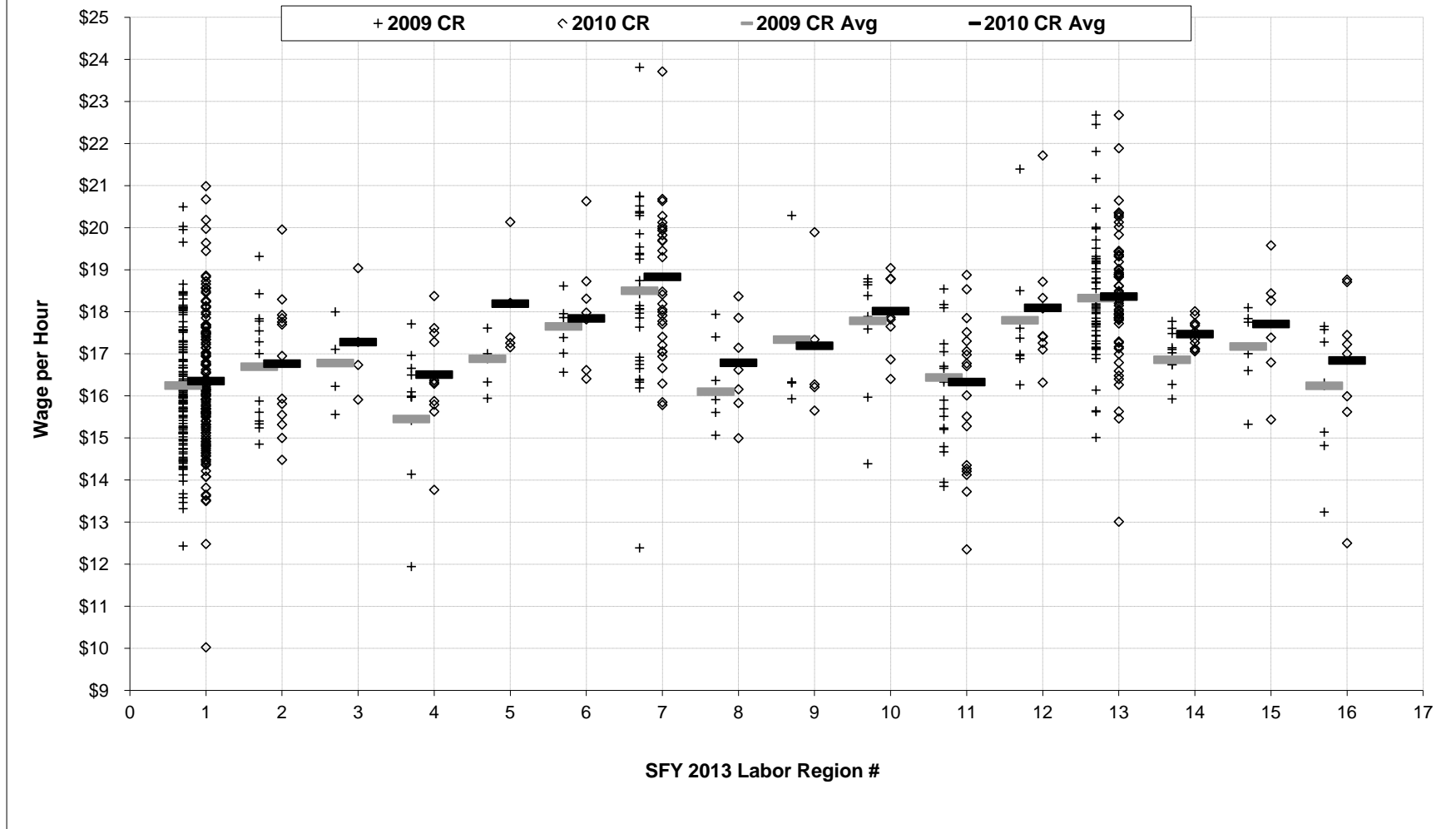
Final SFY11	Final SFY12	Prelim. SFY13	Final SFY13*	% Chg
0.956	0.956	0.951	0.954	-0.2%
1.155	1.164	1.196	1.172	0.7%
1.073	1.080	1.133	1.095	1.4%
0.965	0.948	0.960	0.958	1.1%
1.025	1.018	1.058	1.034	1.6%
1.037	1.038	1.037	1.037	-0.1%
1.090	1.088	1.095	1.091	0.3%
1.090	1.088	1.095	1.091	0.3%
1.003	1.006	1.000	1.003	-0.3%
1.040	1.040	1.047	1.042	0.2%
0.969	0.972	0.949	0.963	-0.9%
1.034	1.039	1.052	1.042	0.3%
1.076	1.076	1.067	1.073	-0.3%
1.000	0.997	1.016	1.004	0.7%
0.998	1.007	1.030	1.012	0.5%
0.926	0.941	0.979	0.949	0.9%

*Final values based upon a three-year moving average.

*Janesville's Labor Region final labor factor is set equal to □

Madison's Labor Region final labor factor.

SFY13 Wage per Hour by Labor Region *



- | | | | | | | | |
|---|-----------------|---|------------|----|-----------|----|-------------|
| 1 | Rural | 5 | La Crosse | 9 | Racine | 13 | Milwaukee |
| 2 | Minneapolis | 6 | Wausau | 10 | Kenosha | 14 | Appleton |
| 3 | Duluth/Superior | 7 | Madison | 11 | Green Bay | 15 | Oshkosh |
| 4 | Eau Claire | 8 | Janesville | 12 | Sheboygan | 16 | Fond Du Lac |

* Includes non-County and non-Stated/Tribal Owned Facilities with 2010 Final Cost Reports.

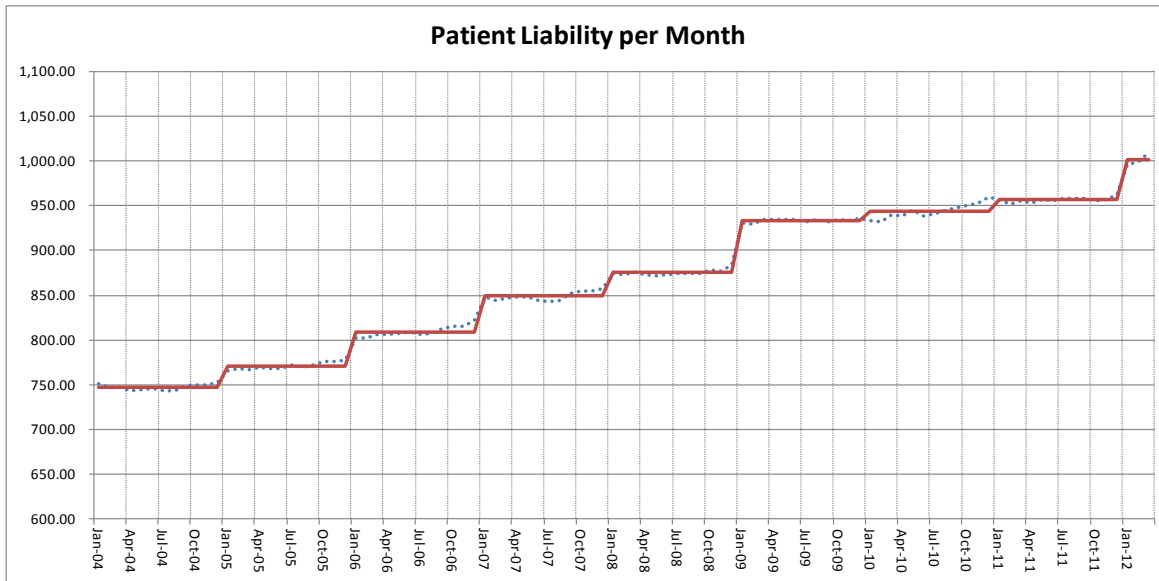
Tentative Behavior/CI Scores by Duration from Admission

9/30/2011 Medicaid FFS NonDD Residents Admitted on/after 10/1/2010 (MDS 3.0)

		Month of Admission											Total	
		201010	201011	201012	201101	201102	201103	201104	201105	201106	201107	201108		201109
Not Medicare at Admission	Admission	1.293	1.016	0.987	0.959	1.009	1.086	1.154	0.934	1.042	1.249	1.136	1.214	1.089
	Qtr 1	1.171	1.273	0.941	1.113	1.109	1.106	1.119	1.032	0.836	0.982	1.146	1.000	1.062
	Qtr 2	1.113	0.940	0.966	0.946	1.052	1.049	1.260	1.005	1.055				1.041
	Qtr 3	1.126	0.894	0.923	0.906	1.080	1.131							0.985
	Qtr 4	1.406	0.832	1.255										1.201
	Most Recent	1.315	0.922	0.962	0.968	1.045	0.984	1.156	0.975	0.939	1.149	1.146	1.212	1.063
	Most Rec. - Admission	0.022	-0.094	-0.024	0.008	0.037	-0.102	0.002	0.041	-0.103	-0.100	0.010	-0.002	-0.026
Medicare at Admission	Admission	0.871	0.781	0.916	0.827	0.816	0.964	0.827	0.635	0.910	0.780	0.984	0.744	0.842
	Qtr 1	0.772	0.753	0.786	0.717	0.688	0.722	0.695	0.649	0.785	0.595	0.836	0.583	0.718
	Qtr 2	0.908	0.975	0.955	0.857	0.956	0.861	0.869	0.821	0.872				0.898
	Qtr 3	0.921	0.968	0.950	0.830	0.777	0.819							0.893
	Qtr 4	0.905	1.034	0.618										0.900
	Most Recent	0.903	0.973	0.952	0.787	0.851	0.811	0.865	0.790	0.910	0.696	0.974	0.736	0.851
	Most Rec. - Admission	0.032	0.192	0.036	-0.039	0.036	-0.153	0.038	0.155	0.000	-0.084	-0.011	-0.008	0.009

WI Medicaid FFS Nursing Home Non-DD Patient Liability History

Historical Patient Liability per Patient Month



The dotted line is actual patient liability per patient month. The solid line is the average by calendar year. This demonstrates that patient liability per patient month (PPM) is virtually constant within each calendar year, increasing each January with the annual Social Security cost of living adjustment (COLA).

Historical Patient Liability by Calendar Year and CY 2013 Projection

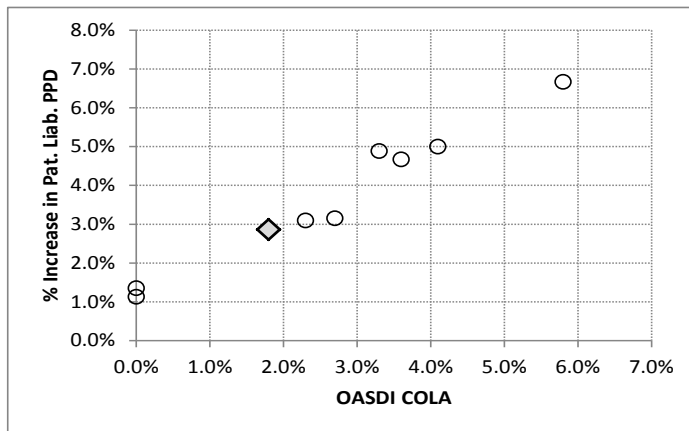
Cal. Year	PDs	PMs	Paid PPD	PL PPD	Total PPD	PL PPM	Inc. PL PPM	% Inc.	COLA*
2004	8,188,381	22,373	100.55	24.5	125.04	747.12			
2005	7,912,599	21,678	101.47	25.34	126.81	770.68	23.55	3.20%	2.70%
2006	7,649,363	20,957	102.02	26.6	128.62	809.19	38.51	5.00%	4.10%
2007	7,270,090	19,918	103.59	27.9	131.49	848.72	39.53	4.90%	3.30%
2008	6,954,760	19,002	108.14	28.69	136.83	874.99	26.27	3.10%	2.30%
2009	6,685,233	18,316	114.57	30.69	145.26	933.34	58.35	6.70%	5.80%
2010	6,415,315	17,576	120.42	31.03	151.45	943.86	10.53	1.10%	0.00%
2011	6,062,324	16,609	121.69	31.45	153.14	956.59	12.73	1.30%	0.00%
2012	1,444,433	15,873	121.94	33.01	154.95	1,001.23	44.64	4.70%	3.60%
2013 (est)				33.86		1,029.88	28.65	2.90%	1.8%**

* www.ssa.gov/cgi-bin/bri.cgi

** Social Security Trust Fund Intermediate Projection

SFY	PL PPM	Inc. PL PPM	Chg PPD
2012	978.91		
2013	1,015.56	\$ 36.65	\$ 1.20

Scatter Plot of Percent Increase in Patient Liability vs. Social Security COLA Adjustment



SFY 2013 WI T19 FFS Nursing Home Model

Calculation of Medicaid Access Incentive

	NF	ICF/MR
1 Monthly Bed Assessment	\$ 170.00	\$ 910.00
2 Days per month	<u>30.4</u>	<u>30.4</u>
3 Daily Bed Assessment	\$ 5.59	\$ 29.93
4 Patients per Bed	<u>90.5%</u>	<u>90.5%</u>
5 Bed Assessment per Patient Day	\$ 6.18	\$ 33.08
6 Medicaid Patient Percentage	<u>64.0%</u>	<u>99.5%</u>
7 Bed Assessment per Medicaid Patient Day (=MAI)	<u>\$ 9.65</u>	<u>\$ 33.24</u>
	Prior Year MAI	\$ 30.69
	Change	\$ 2.55
	PDs	66,586
	Expend.	\$ 169,794

Budgeted Amounts for Rate and Acuity Increases

	NF	ICF/MR
1 Rate increase supported by GPR/FED <i>% of base expenditures</i>	\$ - 0.0%	\$ 254,060 1.6%
2 Increase in patient liability (est.)	\$ 7,058,892 0.8%	\$ - 0.0%
3 Provision for Medicaid Access Incentive	\$ - 0.0%	\$ 169,794 1.1%
4 Provision for Acuity Increase (1% CMI Increase)	\$ 7,433,000 0.8%	\$ - 0.0%
Total	\$ 14,491,892 1.6%	\$ 423,855 2.7%

Preliminary SFY 2013 WI T19 FFS Nursing Home Model Scenario Results

Scenario Description	Nursing Facilities				ICFs/MR			
	For-Profit	Tax-Exempt	Local Govt	Total	For-Profit	Tax-Exempt	Local Govt	Total
T19 FFS PDs	2,694,321	1,927,947	1,260,143	5,882,410	2,893	26,209	37,484	66,586
Gross Expenditures (000's)								
2 Scen 2: SFY13 Base Scenario using SFY12 avg rates & SFY12 avg T19 CMI's, with DHS budgeted PDs	412,011.8	297,702.8	184,891.6	894,606.2	474.1	6,098.2	8,902.6	15,474.9
3 Scen 3: Impute 2011 CRs and calculate rates for SFY13 using SFY12 formula and average SFY12 acuity	410,780.6	297,481.0	184,828.2	893,089.7	471.5	6,086.4	8,903.2	15,461.2
4 Scen 4: Apply 2011 R2 Cost Reports and Property Valuations	410,738.5	297,936.1	184,845.3	893,519.9	471.5	6,083.1	8,903.3	15,457.9
5 Scen 5: Update All-Res CMI to MDS 3.0 Basis applicable to 2011 CR Period	413,660.2	298,407.9	184,979.3	897,047.4	471.5	6,093.9	8,903.3	15,468.8
6 Scen 6: ICF/MR MAI	413,660.2	298,407.9	184,979.3	897,047.4	478.9	6,159.6	8,998.9	15,637.4
7 Scen 7: SFY13 Labor Factors	413,772.7	298,406.1	185,055.7	897,234.4	478.9	6,159.6	8,987.7	15,626.3
8 Scen 8: Property Incentive Estimate	413,772.7	298,406.1	185,055.7	897,234.4	478.9	6,159.6	8,987.7	15,626.3
9 Scen 9: Average SFY13 acuity (old ventilator CMI treatment and Behavior/CI add-on)	417,603.5	300,450.7	187,320.6	905,374.8	478.9	6,159.6	8,987.7	15,626.3
10 Scen 10: New ventilator CMI treatment	416,795.0	299,127.8	186,944.8	902,867.6	478.9	6,159.6	8,987.7	15,626.3
11 Scen 11: Proposed Behavior/CI add-on	416,890.0	299,141.1	186,861.0	902,892.0	478.9	6,159.6	8,983.7	15,622.2
12 Scen 12: Adjust DC Bases to Hit Expenditure Targets	418,905.4	301,601.2	188,590.0	909,096.6	480.9	6,250.8	9,166.6	15,898.3
Cumulative Increase in Gross Expenditures from Base Scenario (000's)								
3 Scen 3: Impute 2011 CRs and calculate rates for SFY13 using SFY12 formula and average SFY12 acuity	(1,231.3)	(221.8)	(63.4)	(1,516.5)	(2.6)	(11.8)	0.6	(13.8)
4 Scen 4: Apply 2011 R2 Cost Reports and Property Valuations	(1,273.3)	233.3	(46.3)	(1,086.3)	(2.6)	(15.2)	0.7	(17.0)
5 Scen 5: Update All-Res CMI to MDS 3.0 Basis applicable to 2011 CR Period	1,648.4	705.1	87.7	2,441.1	(2.6)	(4.3)	0.7	(6.1)
6 Scen 6: ICF/MR MAI	1,648.4	705.1	87.7	2,441.1	4.8	61.4	96.3	162.5
7 Scen 7: SFY13 Labor Factors	1,760.8	703.3	164.1	2,628.2	4.8	61.4	85.1	151.3
8 Scen 8: Property Incentive Estimate	1,760.8	703.3	164.1	2,628.2	4.8	61.4	85.1	151.3
9 Scen 9: Average SFY13 acuity (old ventilator CMI treatment and Behavior/CI add-on)	5,591.7	2,747.9	2,429.0	10,768.6	4.8	61.4	85.1	151.3
10 Scen 10: New ventilator CMI treatment	4,783.2	1,425.0	2,053.2	8,261.4	4.8	61.4	85.1	151.3
11 Scen 11: Proposed Behavior/CI add-on	4,878.2	1,438.2	1,969.4	8,285.8	4.8	61.4	81.1	147.3
12 Scen 12: Adjust DC Bases to Hit Expenditure Targets	6,893.6	3,898.4	3,698.4	14,490.3	6.8	152.5	264.0	423.4
Expenditures PPD								
2 Scen 2: SFY13 Base Scenario using SFY12 avg rates & SFY12 avg T19 CMI's, with DHS budgeted PDs	152.92	154.41	146.72	152.08	163.87	232.68	237.50	232.41
3 Scen 3: Impute 2011 CRs and calculate rates for SFY13 using SFY12 formula and average SFY12 acuity	152.46	154.30	146.67	151.82	162.98	232.23	237.52	232.20
4 Scen 4: Apply 2011 R2 Cost Reports and Property Valuations	152.45	154.54	146.69	151.90	162.98	232.10	237.52	232.15
5 Scen 5: Update All-Res CMI to MDS 3.0 Basis applicable to 2011 CR Period	153.53	154.78	146.79	152.50	162.98	232.51	237.52	232.31
6 Scen 6: ICF/MR MAI	153.53	154.78	146.79	152.50	165.53	235.02	240.07	234.85
7 Scen 7: SFY13 Labor Factors	153.57	154.78	146.85	152.53	165.53	235.02	239.78	234.68
8 Scen 8: Property Incentive Estimate	153.57	154.78	146.85	152.53	165.53	235.02	239.78	234.68
9 Scen 9: Average SFY13 acuity (old ventilator CMI treatment and Behavior/CI add-on)	154.99	155.84	148.65	153.91	165.53	235.02	239.78	234.68
10 Scen 10: New ventilator CMI treatment	154.69	155.15	148.35	153.49	165.53	235.02	239.78	234.68
11 Scen 11: Proposed Behavior/CI add-on	154.73	155.16	148.29	153.49	165.53	235.02	239.67	234.62
12 Scen 12: Adjust DC Bases to Hit Expenditure Targets	155.48	156.44	149.66	154.54	166.21	238.50	244.55	238.76

Preliminary SFY 2013 WI T19 FFS Nursing Home Model Scenario Results

Scenario Description	Nursing Facilities				ICFs/MR			
	For-Profit	Tax-Exempt	Local Govt	Total	For-Profit	Tax-Exempt	Local Govt	Total
T19 FFS PDs	2,694,321	1,927,947	1,260,143	5,882,410	2,893	26,209	37,484	66,586
Cumulative Increase in Expenditures PPD from Base Scenario								
3 Scen 3: Impute 2011 CRs and calculate rates for SFY13 using SFY12 formula and average SFY12 acuity	(0.46)	(0.12)	(0.05)	(0.26)	(0.88)	(0.45)	0.02	(0.21)
4 Scen 4: Apply 2011 R2 Cost Reports and Property Valuations	(0.47)	0.12	(0.04)	(0.18)	(0.88)	(0.58)	0.02	(0.26)
5 Scen 5: Update All-Res CMI to MDS 3.0 Basis applicable to 2011 CR Period	0.61	0.37	0.07	0.41	(0.88)	(0.16)	0.02	(0.09)
6 Scen 6: ICF/MR MAI	0.61	0.37	0.07	0.41	1.67	2.34	2.57	2.44
7 Scen 7: SFY13 Labor Factors	0.65	0.36	0.13	0.45	1.66	2.34	2.27	2.27
8 Scen 8: Property Incentive Estimate	0.65	0.36	0.13	0.45	1.66	2.34	2.27	2.27
9 Scen 9: Average SFY13 acuity (old ventilator CMI treatment and Behavior/CI add-on)	2.08	1.43	1.93	1.83	1.66	2.34	2.27	2.27
10 Scen 10: New ventilator CMI treatment	1.78	0.74	1.63	1.40	1.66	2.34	2.27	2.27
11 Scen 11: Proposed Behavior/CI add-on	1.81	0.75	1.56	1.41	1.66	2.34	2.16	2.21
12 Scen 12: Adjust DC Bases to Hit Expenditure Targets	2.56	2.02	2.93	2.46	2.35	5.82	7.04	6.36
Cumulative Percent Increase in Expenditures from Base Scenario								
3 Scen 3: Impute 2011 CRs and calculate rates for SFY13 using SFY12 formula and average SFY12 acuity	-0.3%	-0.1%	0.0%	-0.2%	-0.5%	-0.2%	0.0%	-0.1%
4 Scen 4: Apply 2011 R2 Cost Reports and Property Valuations	-0.3%	0.1%	0.0%	-0.1%	-0.5%	-0.2%	0.0%	-0.1%
5 Scen 5: Update All-Res CMI to MDS 3.0 Basis applicable to 2011 CR Period	0.4%	0.2%	0.0%	0.3%	-0.5%	-0.1%	0.0%	0.0%
6 Scen 6: ICF/MR MAI	0.4%	0.2%	0.0%	0.3%	1.0%	1.0%	1.1%	1.0%
7 Scen 7: SFY13 Labor Factors	0.4%	0.2%	0.1%	0.3%	1.0%	1.0%	1.0%	1.0%
8 Scen 8: Property Incentive Estimate	0.4%	0.2%	0.1%	0.3%	1.0%	1.0%	1.0%	1.0%
9 Scen 9: Average SFY13 acuity (old ventilator CMI treatment and Behavior/CI add-on)	1.4%	0.9%	1.3%	1.2%	1.0%	1.0%	1.0%	1.0%
10 Scen 10: New ventilator CMI treatment	1.2%	0.5%	1.1%	0.9%	1.0%	1.0%	1.0%	1.0%
11 Scen 11: Proposed Behavior/CI add-on	1.2%	0.5%	1.1%	0.9%	1.0%	1.0%	0.9%	1.0%
12 Scen 12: Adjust DC Bases to Hit Expenditure Targets	1.7%	1.3%	2.0%	1.6%	1.4%	2.5%	3.0%	2.7%
Increase in Gross Expenditures from Prior Scenario (000's)								
3 Scen 3: Impute 2011 CRs and calculate rates for SFY13 using SFY12 formula and average SFY12 acuity	(1,231.3)	(221.8)	(63.4)	(1,516.5)	(2.6)	(11.8)	0.6	(13.8)
4 Scen 4: Apply 2011 R2 Cost Reports and Property Valuations	(42.0)	455.1	17.1	430.2	-	(3.3)	0.1	(3.3)
5 Scen 5: Update All-Res CMI to MDS 3.0 Basis applicable to 2011 CR Period	2,921.6	471.8	134.0	3,527.4	(0.0)	10.9	0.0	10.9
6 Scen 6: ICF/MR MAI	-	-	-	-	7.4	65.7	95.6	168.6
7 Scen 7: SFY13 Labor Factors	112.5	(1.8)	76.4	187.1	(0.0)	(0.0)	(11.1)	(11.1)
8 Scen 8: Property Incentive Estimate	-	-	-	-	-	-	-	-
9 Scen 9: Average SFY13 acuity (old ventilator CMI treatment and Behavior/CI add-on)	3,830.8	2,044.6	2,265.0	8,140.4	0.0	0.0	(0.0)	-
10 Scen 10: New ventilator CMI treatment	(808.5)	(1,322.9)	(375.8)	(2,507.2)	(0.0)	-	-	-
11 Scen 11: Proposed Behavior/CI add-on	95.0	13.2	(83.9)	24.4	(0.0)	(0.0)	(4.0)	(4.0)
12 Scen 12: Adjust DC Bases to Hit Expenditure Targets	2,015.4	2,460.2	1,729.0	6,204.5	2.0	91.2	182.9	276.1

Preliminary SFY 2013 WI T19 FFS Nursing Home Model Scenario Results

Scenario Description	Nursing Facilities				ICFs/MR			
	For-Profit	Tax-Exempt	Local Govt	Total	For-Profit	Tax-Exempt	Local Govt	Total
T19 FFS PDs	2,694,321	1,927,947	1,260,143	5,882,410	2,893	26,209	37,484	66,586
Increase in Expenditures PPD from Prior Scenario								
3 Scen 3: Impute 2011 CRs and calculate rates for SFY13 using SFY12 formula and average SFY12 acuity	(0.46)	(0.12)	(0.05)	(0.26)	(0.88)	(0.45)	0.02	(0.21)
4 Scen 4: Apply 2011 R2 Cost Reports and Property Valuations	(0.02)	0.24	0.01	0.07	-	(0.13)	0.00	(0.05)
5 Scen 5: Update All-Res CMI to MDS 3.0 Basis applicable to 2011 CR Period	1.08	0.24	0.11	0.60	(0.00)	0.42	0.00	0.16
6 Scen 6: ICF/MR MAI	-	-	-	-	2.55	2.51	2.55	2.53
7 Scen 7: SFY13 Labor Factors	0.04	(0.00)	0.06	0.03	(0.00)	(0.00)	(0.30)	(0.17)
8 Scen 8: Property Incentive Estimate	-	-	-	-	-	-	-	-
9 Scen 9: Average SFY13 acuity (old ventilator CMI treatment and Behavior/CI add-on)	1.42	1.06	1.80	1.38	0.00	0.00	(0.00)	-
10 Scen 10: New ventilator CMI treatment	(0.30)	(0.69)	(0.30)	(0.43)	(0.00)	-	-	-
11 Scen 11: Proposed Behavior/CI add-on	0.04	0.01	(0.07)	0.00	(0.00)	(0.00)	(0.11)	(0.06)
12 Scen 12: Adjust DC Bases to Hit Expenditure Targets	0.75	1.28	1.37	1.05	0.68	3.48	4.88	4.15
Percent Increase in Expenditures from Prior Scenario								
3 Scen 3: Impute 2011 CRs and calculate rates for SFY13 using SFY12 formula and average SFY12 acuity	-0.3%	-0.1%	0.0%	-0.2%	-0.5%	-0.2%	0.0%	-0.1%
4 Scen 4: Apply 2011 R2 Cost Reports and Property Valuations	0.0%	0.2%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%
5 Scen 5: Update All-Res CMI to MDS 3.0 Basis applicable to 2011 CR Period	0.7%	0.2%	0.1%	0.4%	0.0%	0.2%	0.0%	0.1%
6 Scen 6: ICF/MR MAI	0.0%	0.0%	0.0%	0.0%	1.6%	1.1%	1.1%	1.1%
7 Scen 7: SFY13 Labor Factors	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%
8 Scen 8: Property Incentive Estimate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9 Scen 9: Average SFY13 acuity (old ventilator CMI treatment and Behavior/CI add-on)	0.9%	0.7%	1.2%	0.9%	0.0%	0.0%	0.0%	0.0%
10 Scen 10: New ventilator CMI treatment	-0.2%	-0.4%	-0.2%	-0.3%	0.0%	0.0%	0.0%	0.0%
11 Scen 11: Proposed Behavior/CI add-on	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
12 Scen 12: Adjust DC Bases to Hit Expenditure Targets	0.5%	0.8%	0.9%	0.7%	0.4%	1.5%	2.1%	1.8%

Preliminary SFY 2013 WI T19 FFS Nursing Home Model Scenario Results

Scenario Description	Nursing Facilities				ICFs/MR			
	For-Profit	Tax-Exempt	Local Govt	Total	For-Profit	Tax-Exempt	Local Govt	Total
T19 FFS PDs	2,694,321	1,927,947	1,260,143	5,882,410	2,893	26,209	37,484	66,586

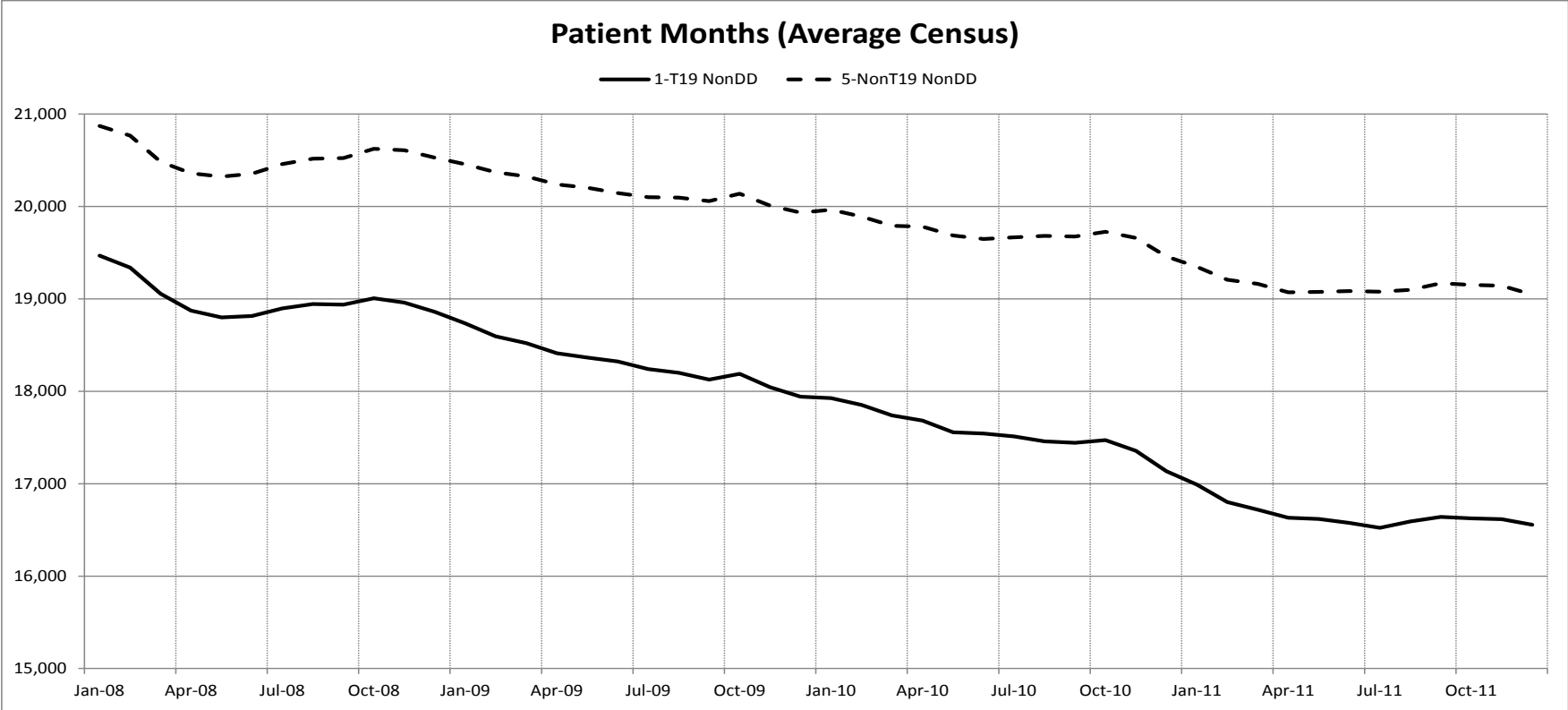
Preliminary SFY 2013 WI T19 FFS Nursing Home Model Scenario Base Values

Scenario Description		DC Nursing Base		DC Other Base		Supp. Serv. Target		Beh/CI Base
		NF	ICF/MR	NF	ICF/MR	NF	ICF/MR	NF Only
2	Scen 2: SFY13 Base Scenario using SFY12 avg rates & SFY12 avg T19 CMI's, with RM days	\$ 73.92	\$ 66.84	\$ 12.36	\$ 14.40	\$ 45.60	\$ 43.56	\$ 0.12
11	Scen 11: Proposed Behavior/CI add-on	73.92	66.84	12.36	14.40	45.60	43.56	0.29
12	Scen 12: Adjust DC Bases to Hit Expenditure Targets	75.14	68.81	12.56	14.85	45.60	43.56	0.29
2	Scen 2: Base Scenario for SFY12 Model Year - SFY11 Average Rates	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
10	Scen 11: Proposed Behavior/CI add-on	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
12	Scen 12: Adjust DC Bases to Hit Expenditure Targets	101.7%	102.9%	101.6%	103.1%	100.0%	100.0%	

Inflation Assumptions

	Global Insight - 2011 Q1 NH Wages	Global Insight - 2012 Q1 NH Wages
2010 Cost Report Period to SFY12 Rate Period		
SFY Cost Reporting Period	4.7%	0.6%
Calendar Year Cost Reporting Period	4.2%	0.1%
2010 Cost Report Period to SFY13 Rate Period		
SFY Cost Reporting Period	7.4%	2.6%
Calendar Year Cost Reporting Period	6.8%	2.1%

WI Medicaid Nursing Home Monthly Resident Census - 2008 to 2011



T19 NonDD = Medicaid FFS Non-DD residents, excluding TBI residents
 Non-T19 NonDD = Medicaid Managed LTC Non-DD residents (Family Care, PACE, Partnership), excluding TBI residents

SFY 2013 NH Payment Formula
NH Modernization Programs
August 14, 2012

BACKGROUND

- The primary goals of this component of the LTC sustainability initiative are to:
 - continue the “rightsizing” of the publicly-funded NH market in WI;
 - assist NH providers in their efforts to identify an appropriate long-term business niche for the services they provide;
 - modernize, and make more attractive, the stock of NHs in WI.
- The market niche for NHs is now generally seen as a post-acute, short-term residence for persons experiencing a sentinel health event. This is a marked change from the former “custodial care” role these institutions played.
- The average age of a NH in WI is roughly 33.4 years old.
- The proposal is to create homes with the following “Greenhouse”-like features:
 - Small scale living units with a household identity for several living units, including inviting, homelike common spaces;
 - Private rooms and bathrooms and opportunities for private space for visits or other reasons;
 - Freedom of movement and access to the outdoors for residents; and
 - Strengthened relationships between residents and staff through consistent assignment of staff; and
 - Implementation of Electronic Medical Record systems and other high tech advances such as wireless nurse call systems.
- The major challenge for the providers is the initial capital investment that is required to make these changes.
- Several conversations took place over the spring and summer to sort through a series of ideas from the provider community and discern which were most viable to pursue.
- The intent of the financial models is that they will be budget neutral to the Department. There is a time dimension that can be considered in assessing budget neutrality: in other words, over what time frame should the savings be realized?

SPECIFIC PROPOSALS

- There are three initiatives that could be supported through the NH reimbursement methods.
- Each of these assumes that:
 1. There will be an application process to manage participation, and this will include specific approval criteria.
 2. The provider will articulate in the application process how the quality of care will be improved as a result of the initiative.
 3. The provider will specify which of the program options it will be pursuing. (These are further described on page 2.)
 4. The Department will be able to objectively discern the financial impact of the project, as a component of the application process.

Nursing Facility Downsizing Incentive Program

- Provider would propose a plan to reduce its census by 15%, or more.
- The provider would identify specific quality improvements that would result from the project.
- The time period over which this reduction would occur would be specifically identified in advance of the project.
- DHS would freeze payment levels for the phasedown period, or some portion thereof.
- A new cost report filing would be required after the phasedown period was completed, and this would be used to establish the post-phasedown rate.
- Long-term savings would be reinvested into building community capacity.

Replacement Facility Program

- Provider would propose a plan to replace its current facility, or part of its current facility.
- Licensed beds may be given up during this process.
- The provider would identify specific quality improvements that would result from the project.
- The time period over which this replacement project would occur would be specifically identified in advance of the project.
- The Department would alter the payment formula for approved projects, identifying a specific begin and end date for the project.
- The undepreciated replacement cost (URC) component of the formula would be adjusted from \$75,900 to \$135,000 during this temporary period.
- The expectation is that the project would be cost neutral to the Department, based on payments for a smaller Medicaid census.

Small Replacement/Renovation Facility Program

- This program would be similar to the incentive program that has been operating in recent years, but also incorporate the higher URC described above.
- It would target homes that are close to a 60-bed capacity and can achieve that size, with some investment. Beds above the limit of 60 would be de-licensed.
- The provider would identify specific quality improvements that would result from the project.
- The time period over which this replacement project would occur would be specifically identified in advance of the project.
- In addition to the increase in the URC, the provider would receive an increased per diem, which would be less than the current \$10 incentive and would be pro-rated, such that smaller homes would receive a larger incentive.
- The expectation is that the project would be cost neutral to the Department, based on payments for a smaller Medicaid census.

**Proposed language Section 1.313 Restricted Use Beds
August 14, 2012**

Restricted use beds are beds that exceed a nursing home's normal maximum bed capacity, or are not in use due to remodeling. Restricted use bed status requires Department approval. Nursing home facilities must request, and receive, Departmental approval in writing before the effective date of restricted use status. The Department shall be afforded 30 days to approve any written request. Approvals will be made at the Department's discretion, and only under the following conditions:

- the facility demonstrates a remodeling contract is in place which will cause the bed area to be out of service; or
- the facility has documented life safety code violations, with an approved plan of correction; or
- the facility transfers beds from another facility, with plans to build space for those beds.

Approval of restricted use status is for 12 months, upon receipt and approval of the original request. Approval may be extended for an additional six months, if the facility makes the request and is able to demonstrate that the remodeling or construction project is in progress. No restricted use bed approvals will be extended beyond 18 months, unless space is not available at the facility and construction of the additional space is in progress. Restricted use beds will be returned to active status on the date the Department's approval expires.

In limited and exceptional circumstances, the Department will consider applications for restricted use status of beds for a period of up to five years. The facility would be required to identify a specific need for the extended approval, which cannot otherwise be met by the normal approval process. All extended approvals will be subject to an annual status update (delivered by the provider to the Department); a formal, one-year notice delivered by the provider to the Department before removing the beds from restricted use status; and a 10% annual return of restricted use beds to the Department (i.e., de-licensing of 10% of the number of beds that were originally placed in restricted use status, at the time of the initial request). Extended restricted use bed approval is solely at the Department's discretion and is primarily intended to support long-range strategic planning and modernization, or facility re-modeling, efforts.