

# Public Provider Meeting Nursing Home Payment Rates

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Deputy Director, Bureau of Rate Setting

September 14<sup>th</sup>, 2022



# Agenda

1. Welcome
2. Funding updates
3. Method updates
4. Rate Modelling Estimates
5. Open discussion/questions
6. Next Steps

# New Staff

- David Perez
  - ◆ Senior Auditor
  - ◆ Formerly with Department of Revenue since 2015.

# Funding updates

- SFY23

- ◆ T19 FFS Non-DD Spend (excludes patient liab.)

- Acuity, inflation, pro-rated 5% DCN:\$409,000,000
- Above + updates to DCN, SS: \$516,000,000

- Hold harmless

- ◆ Validating results of calculations with a few facilities. Will post SFY23 limits to website.

- ◆ SFY23 reduced and final year.

- ◆ Anticipated total spend of around \$500,000 for CY22 Q1.

# Methods Updates

- High-level outcomes.
  - ◆ Weighted average increase of 23.09% in SFY23 compared to SFY22 (FFS NF only).

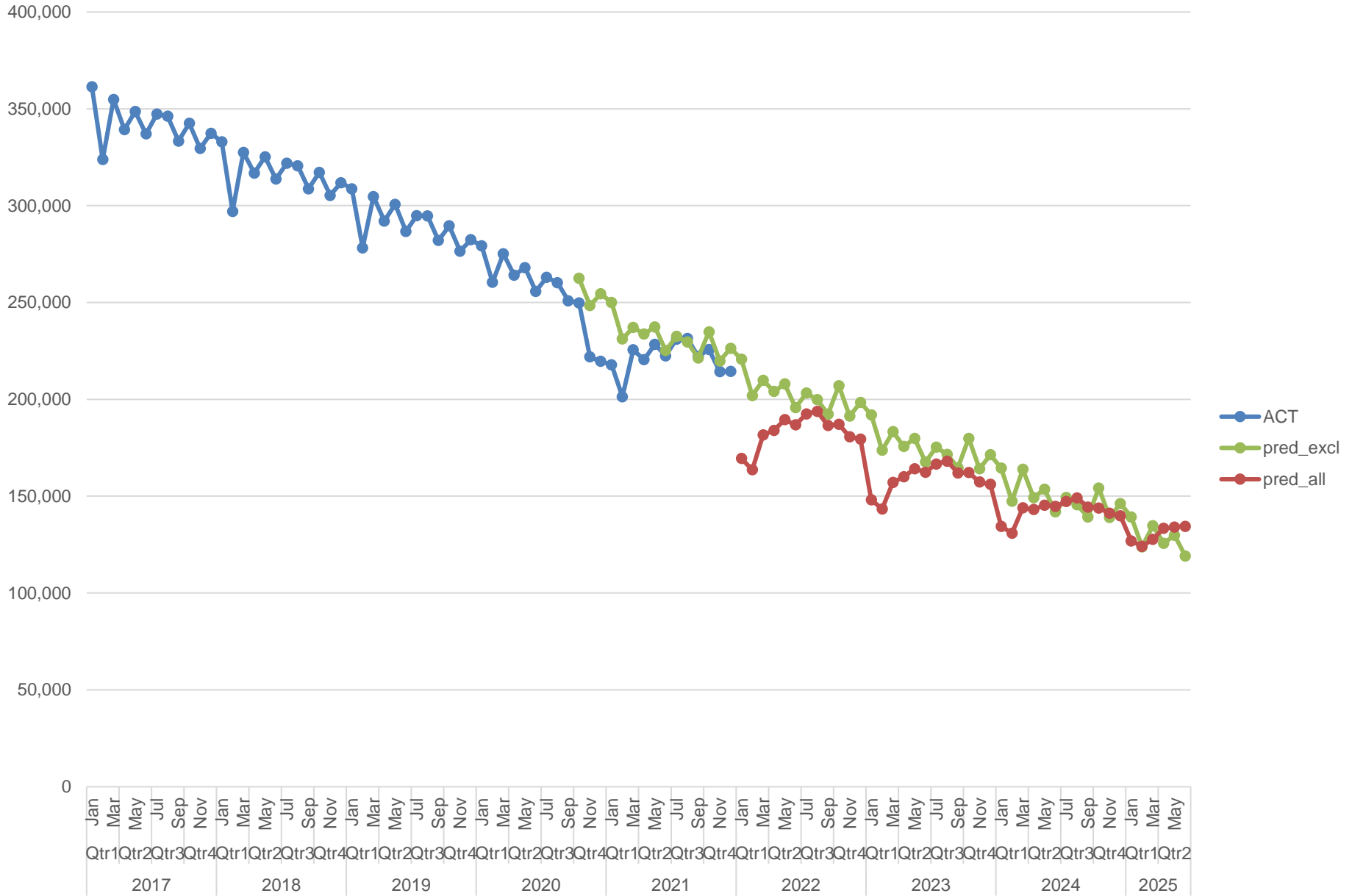
# Methods Updates

- Modelling assumptions.
  - ◆ Set DCN to Median + 25%.
    - SFY23 rate at \$122.68 (40% increase from SFY22)
  - ◆ Price SS to \$89.65.
    - 56% increase from SFY22 (\$57.35).
  - ◆ Any projected revenue in excess of expenses, on a case-mix neutral basis, reduced from SS.
    - Funds are re-circulated to remaining facilities.
    - Reduction taken from a priced rather than acuity adjusted rate component.

# Methods Updates (cont'd)

- Modelling assumptions.
  - ◆ Patient days (next page graph).
    - 13.07% reduction.
    - DHS required to pay set rates, regardless of PDs.
    - Modelling excluded COVID affected time period.
    - Consistent number of days reduction observed.
  - ◆ Acuity growth estimates.
    - DCN 2.02% growth.
    - DCO 0.92% growth.
      - Estimates based on PDs by acuity grouping.
      - Consistent within group acuity over time

T19 (non-DD, FFS only) PD actuals, projection (w/, w/o COVID)





# Methods Updates (cont'd)

- Modelling assumptions.
  - ◆ NEMT
    - Set equivalent to State-wide NEMT contract.
    - Trip: \$43.00 (from \$10.00) (C55/A0120)
    - Mileage: \$1.90 (from \$1.00) (C55/S0215)
  - ◆ SPRS
    - Inflated to mid-point of SFY23.
    - Per-diem add-on: \$23.39 (from \$9.00)

# Next Steps

- DHS drafting red-line for methods changes.
  - ◆ Required CMS submission prior to 10/01/22.
- Rate setting workbook updates under-way.
- Goal to have rates set on a rolling basis as soon as audits are complete.
  - ◆ Please provide auditor requested documentation as soon as possible to ensure rates set timely.
- Moving up CR submission to end of March.
  - ◆ Reduces timeline for rate setting by 2-months.

# Questions and open Discussion

- FFY CMS PDPM Acuity changes for FFY23, FFY24.

# Thank you

- Did the Gov-D list not come through?
  - ◆ Can append sign-in e-mail addresses
  - ◆ Registration link:
    - ◆ [https://public.govdelivery.com/accounts/WIDHS/subscriber/new?topic\\_id=WIDHS\\_49](https://public.govdelivery.com/accounts/WIDHS/subscriber/new?topic_id=WIDHS_49)
- Please send questions/comments to:
  - ◆ [DHSDMSBRS@dhs.wisconsin.gov](mailto:DHSDMSBRS@dhs.wisconsin.gov)

**SFY 2023 Labor Factor Development: 2019 vs. 2020 Final Cost Report Direct Care Wage per Hour**

Labor Region	2019 Final A Cost Reports				2020 Final A Cost Reports				Change in DC Wage/Hr	Rescaled Industry Index		
	Fac. Count	DC Hrs	DC Wages	DC Wage/Hr	Fac. Count	DC Hrs	DC Wages	DC Wage/Hr		2019	2020	% Chg
Rural	98	6,998,236	\$ 143,081,471	\$ 20.45	99	6,975,817	\$ 152,111,569	\$ 21.81	\$ 1.36	0.954	0.960	0.6%
Minneapolis	14	795,543	\$ 17,256,843	\$ 21.69	13	777,228	\$ 17,581,908	\$ 22.62	\$ 0.93	1.012	0.996	-1.6%
Duluth/Superior	4	436,831	\$ 9,682,509	\$ 22.17	4	399,670	\$ 9,707,866	\$ 24.29	\$ 2.12	1.034	1.069	3.4%
Eau Claire	10	843,373	\$ 17,687,783	\$ 20.97	10	796,062	\$ 17,579,788	\$ 22.08	\$ 1.11	0.979	0.972	-0.7%
La Crosse	5	597,659	\$ 13,895,575	\$ 23.25	5	623,536	\$ 15,397,783	\$ 24.69	\$ 1.44	1.085	1.087	0.2%
Wausau	8	626,755	\$ 14,114,791	\$ 22.52	8	574,504	\$ 13,968,746	\$ 24.31	\$ 1.79	1.051	1.070	1.8%
Madison	36	3,382,860	\$ 76,370,575	\$ 22.58	35	3,498,916	\$ 75,582,333	\$ 21.60	\$ (0.97)	1.053	0.951	-9.7%
Janesville	8	661,754	\$ 13,932,915	\$ 21.05	7	569,639	\$ 13,057,320	\$ 22.92	\$ 1.87	0.982	1.009	2.7%
Racine	5	805,139	\$ 15,472,792	\$ 19.22	5	748,339	\$ 15,029,074	\$ 20.08	\$ 0.87	0.897	0.884	-1.4%
Kenosha	7	645,207	\$ 14,583,968	\$ 22.60	7	590,811	\$ 15,445,538	\$ 26.14	\$ 3.54	1.055	1.151	9.1%
Green Bay	12	1,079,080	\$ 22,336,043	\$ 20.70	11	1,040,535	\$ 23,379,218	\$ 22.47	\$ 1.77	0.966	0.989	2.4%
Sheboygan	8	496,259	\$ 10,918,841	\$ 22.00	8	447,188	\$ 10,557,487	\$ 23.61	\$ 1.61	1.027	1.039	1.2%
Milwaukee	47	6,099,430	\$ 133,519,468	\$ 21.89	48	5,692,927	\$ 138,045,858	\$ 24.25	\$ 2.36	1.021	1.067	4.5%
Appleton	8	759,592	\$ 16,370,592	\$ 21.55	9	715,931	\$ 16,834,146	\$ 23.51	\$ 1.96	1.006	1.035	2.9%
Oshkosh	6	578,348	\$ 12,621,153	\$ 21.82	6	555,455	\$ 12,375,485	\$ 22.28	\$ 0.46	1.018	0.981	-3.6%
Fond Du Lac	6	507,886	\$ 11,163,487	\$ 21.98	6	506,824	\$ 11,497,767	\$ 22.69	\$ 0.71	1.026	0.999	-2.6%
Statewide (w/o local gov't NHs)	282	25,313,952	\$ 543,008,806	\$ 21.45	281	24,513,382	\$ 558,151,886	\$ 22.77	\$ 1.32			
Local Gov't NHs	36	6,045,941	\$ 134,349,861	\$ 22.22	41	6,185,684	\$ 141,776,410	\$ 22.92	\$ 0.70			
Statewide	318	31,359,893	\$ 677,358,667	\$ 21.60	322	30,699,066	\$ 699,928,296	\$ 22.80	\$ 1.20			

**SFY 2023 WI Medicaid Nursing Home Final Labor Factors**

Labor Region	Modeled T19 PDs		Unadj PPS Index		Adj. to Rural WI Base		Rescaled PPS Index			Preliminary WI Labor Factors*		
	SFY22 PDs	SFY23 PDs	FFY22	FFY23	FFY22	FFY23	FFY22	FFY23	% Chg	FFY22	FFY23	% Chg
Rural Wisconsin	32.5%	33.2%	0.8985	0.8612	0.8985	0.8612	0.916	0.892	-2.6%	0.954	0.960	0.6%
Minneapolis	3.6%	3.4%	1.0959	1.0760	1.1470	1.1262	1.169	1.166	-0.3%	1.169	1.166	-0.3%
Duluth/Superior	1.5%	1.6%	0.9748	0.9768	1.0203	1.0224	1.040	1.058	1.7%	1.040	1.058	1.7%
Eau Claire	2.2%	2.0%	1.0486	0.9579	1.0975	1.0026	1.119	1.038	-7.2%	0.979	0.972	-0.7%
La Crosse	1.9%	2.0%	0.9411	0.9447	0.9850	0.9888	1.004	1.024	2.0%	1.085	1.087	0.2%
Wausau	4.5%	4.7%	0.8919	0.8438	0.9335	0.8832	0.952	0.914	-4.0%	1.051	1.070	1.8%
Madison	14.7%	13.8%	1.0294	1.0590	1.0774	1.1084	1.099	1.147	4.4%	1.053	0.951	-9.7%
Janesville	2.9%	3.1%	0.9039	0.9085	0.9461	0.9509	0.965	0.984	2.0%	0.982	1.009	2.7%
Racine	2.1%	2.3%	0.9510	0.8817	0.9954	0.9229	1.015	0.955	-5.9%	0.897	0.884	-1.4%
Kenosha	3.5%	3.7%	1.0047	0.9833	1.0516	1.0292	1.072	1.065	-0.7%	1.055	1.151	9.1%
Green Bay	4.8%	4.4%	0.9276	0.9391	0.9709	0.9829	0.990	1.018	2.8%	0.966	0.989	2.4%
Sheboygan	2.7%	2.8%	0.9394	0.9590	0.9832	1.0038	1.002	1.039	3.7%	1.027	1.039	1.2%
Milwaukee	14.9%	15.2%	0.9697	0.9701	1.0149	1.0154	1.035	1.051	1.5%	1.021	1.067	4.5%
Appleton	3.7%	3.0%	0.9441	0.9619	0.9881	1.0068	1.007	1.042	3.5%	1.006	1.035	2.9%
Oshkosh	2.8%	3.0%	0.9473	0.9297	0.9915	0.9731	1.011	1.007	-0.4%	1.018	0.981	-3.6%
Fond Du Lac	1.6%	1.7%	0.8386	0.9110	0.8777	0.9535	0.895	0.987	10.3%	1.026	0.999	-2.6%
Total	100.0%	100.0%			0.9808	0.9660	1.000	1.000	0.0%	1.006	1.006	0.0%

\$	113.91	<--PPS Urban Wisconsin Base
\$	108.83	<--PPS Rural Wisconsin Base

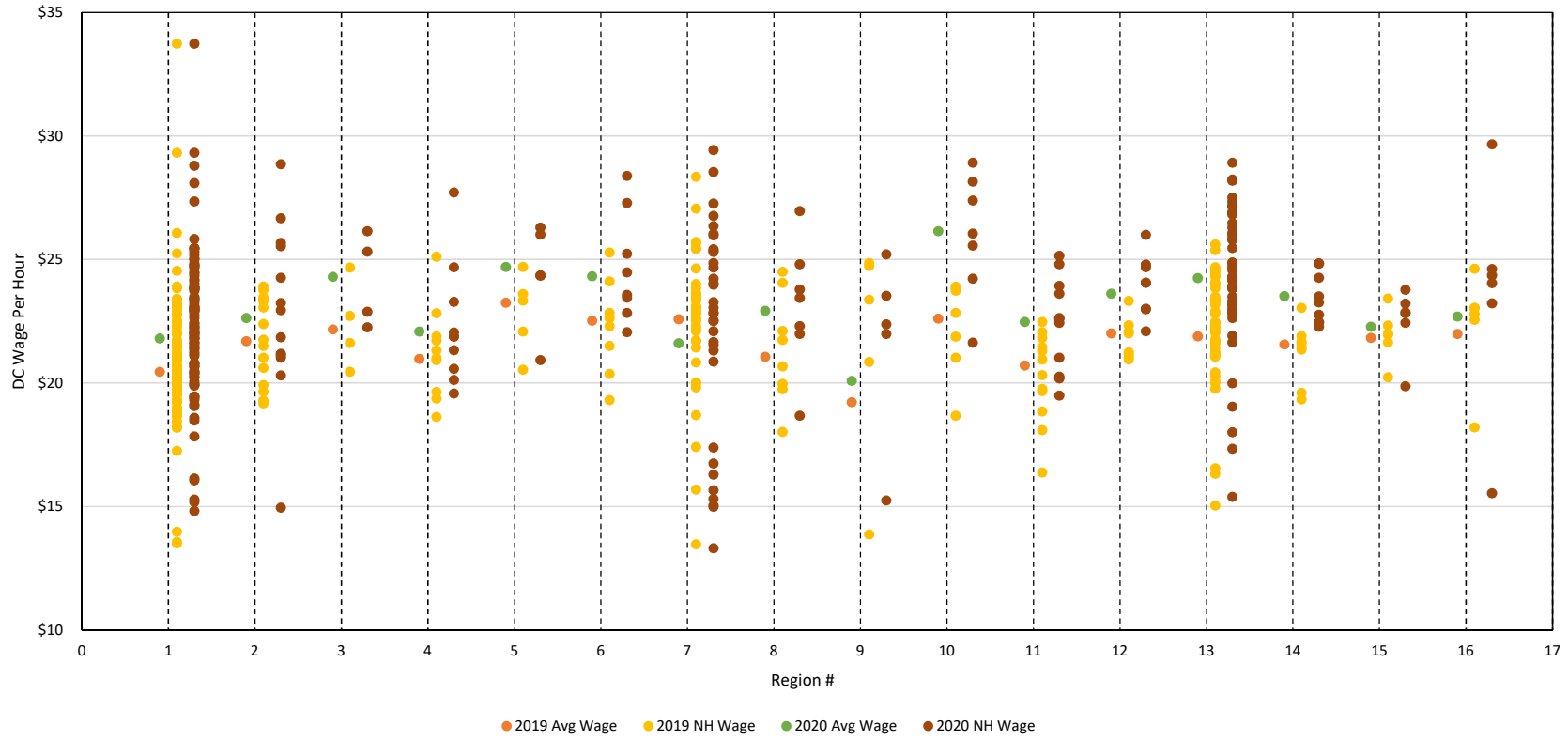
\*Sauk County moved to the Madison LR beginning SFY07, Rock County in SFY09, and Dodge and Richland in SFY14. Dunn moved to Minneapolis LR beginning SFY14. Green County (rural) moved to the Madison LR at 50% beginning SFY15 and 100% in SFY16.  
 \*\* Lincoln County to move to Wausau LR in SFY21

**SFY 2023 Final Labor Factors**

Final SFY20	Final SFY21	Final SFY22	Prelim SFY23	Adjusted SFY 23	% Chg
0.953	0.955	0.954	0.960	0.956	0.2%
1.194	1.185	1.183	1.166	1.178	-0.4%
1.060	1.051	1.050	1.058	1.053	0.3%
0.976	0.969	0.975	0.972	0.972	-0.3%
1.042	1.050	1.059	1.087	1.065	0.6%
1.020	1.033	1.035	1.070	1.046	1.1%
1.077	1.057	1.062	0.951	1.023	-3.7%
1.077	1.057	1.062	0.951	1.023	-3.7%
0.995	0.962	0.951	0.884	0.932	-2.0%
1.003	1.028	1.029	1.151	1.069	3.9%
0.947	0.952	0.955	0.989	0.965	1.1%
1.030	1.033	1.030	1.039	1.034	0.4%
1.062	1.053	1.045	1.067	1.055	0.9%
0.993	1.001	1.000	1.035	1.012	1.2%
1.006	1.009	1.011	0.981	1.000	-1.1%
0.979	0.985	0.997	0.999	0.994	-0.3%

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

**2019 vs 2020 Final Cost Report Direct Care Wage per Hour  
(Excluding local gov't facilities)**



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



**Wisconsin Department of Health Services**

**Inflation**

Inflation Information (historical method):

<u>Rate Year</u>	<u>SFY22</u>	<u>7/1/21-6/30/22</u>			
<u>CR Yr</u>	<u>2019</u>				
<u>Imputed CR Yr</u>	<u>2019</u>				
<u>Global Insight ID</u>	<u>2021Q1</u>				
<u>Cost Center</u>	<u>Calendar Year Quarters for C.R. End</u>				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
DC-Wages	1.14	1.129	1.117	1.106	
DC-Fringes	1.129	1.121	1.116	1.103	
DC-Supply	1.061	1.056	1.052	1.046	
DC-P.Serv.	1.087	1.08	1.073	1.066	
Supp Serv	1.108	1.1	1.092	1.084	

<u>Rate Year</u>	<u>SFY23</u>	<u>7/1/22-6/30/23</u>			
<u>CR Yr</u>	<u>2020</u>				
<u>Global Insight ID</u>	<u>2022Q1</u>				
<u>Cost Center</u>	<u>Calendar Year Quarters for C.R. End</u>				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
DC-Wages	1.190	1.158	1.147	1.135	
DC-Fringes	1.119	1.041	1.050	1.045	
DC-Supply	1.110	1.116	1.104	1.101	
DC-P.Serv.	1.097	1.098	1.089	1.087	
Supp Serv	1.173	1.177	1.146	1.137	

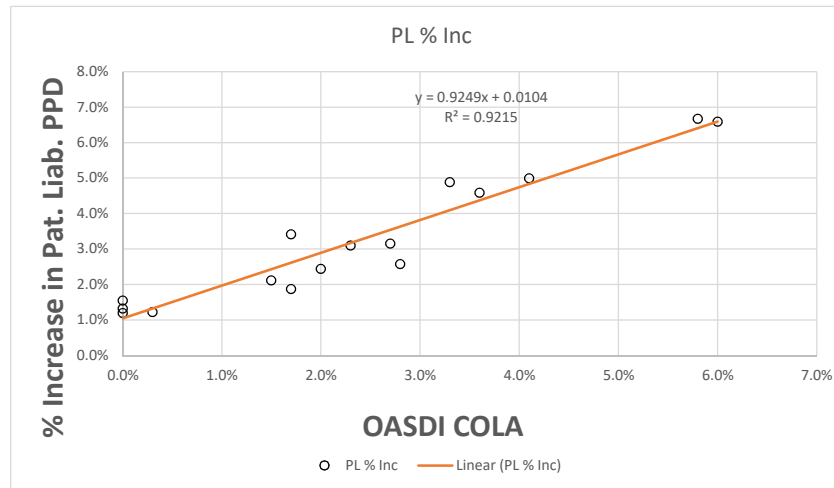
<u>Rate Year</u>	<u>SFY23</u>	<u>7/1/22-6/30/23</u>			
<u>CR Yr</u>	<u>2021</u>				
<u>Global Insight ID</u>	<u>2022Q1</u>				
<u>Cost Center</u>	<u>Calendar Year Quarters for C.R. End</u>				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
DC-Wages	1.125	1.116	1.076	1.046	
DC-Fringes	1.025	1.024	1.024	1.021	
DC-Supply	1.089	1.064	1.048	1.032	
DC-P.Serv.	1.081	1.067	1.056	1.047	
Supp Serv	1.100	1.070	1.017	0.976	



**Wisconsin Department of Health Services  
Medicaid FFS Nursing Home Non-DD In-House Patient Liability History**

CY	PDs	Census	Paid	Paid PPD	Pat Liab	PL PPD	Total PPD	PL PPM	Inc. PL PPM	% Inc.	COLA*	PL%
2004	8,188,381	22,373	\$ 823,307,575	\$ 100.55	\$ 200,581,440	\$ 24.50	\$ 125.04	\$ 747.12				19.6%
2005	7,912,599	21,678	\$ 802,885,169	\$ 101.47	\$ 200,484,314	\$ 25.34	\$ 126.81	\$ 770.68	\$ 23.55	3.2%	2.7%	20.0%
2006	7,649,363	20,957	\$ 780,357,119	\$ 102.02	\$ 203,499,483	\$ 26.60	\$ 128.62	\$ 809.19	\$ 38.51	5.0%	4.1%	20.7%
2007	7,270,090	19,918	\$ 753,115,272	\$ 103.59	\$ 202,857,270	\$ 27.90	\$ 131.49	\$ 848.72	\$ 39.53	4.9%	3.3%	21.2%
2008	6,954,760	19,002	\$ 752,099,999	\$ 108.14	\$ 199,518,777	\$ 28.69	\$ 136.83	\$ 874.99	\$ 26.27	3.1%	2.3%	21.0%
2009	6,685,233	18,316	\$ 765,947,444	\$ 114.57	\$ 205,136,689	\$ 30.69	\$ 145.26	\$ 933.34	\$ 58.35	6.7%	5.8%	21.1%
2010	6,351,327	17,401	\$ 762,688,776	\$ 120.08	\$ 195,338,748	\$ 30.76	\$ 150.84	\$ 935.48	\$ 2.15	0.2%	0.0%	20.4%
2011	5,814,551	15,930	\$ 699,371,154	\$ 120.28	\$ 176,392,603	\$ 30.34	\$ 150.62	\$ 922.73	\$ (12.75)	-1.4%	0.0%	20.1%
2012	5,637,255	15,402	\$ 689,954,268	\$ 122.39	\$ 178,376,489	\$ 31.64	\$ 154.03	\$ 965.09	\$ 42.36	4.6%	3.6%	20.5%
2013	5,269,199	14,436	\$ 659,590,470	\$ 125.18	\$ 170,320,347	\$ 32.32	\$ 157.50	\$ 983.18	\$ 18.09	1.9%	1.7%	20.5%
2014	5,049,850	13,835	\$ 642,900,559	\$ 127.31	\$ 166,683,901	\$ 33.01	\$ 160.32	\$ 1,003.98	\$ 20.80	2.1%	1.5%	20.6%
2015	4,692,526	12,856	\$ 603,797,279	\$ 128.67	\$ 160,176,351	\$ 34.13	\$ 162.81	\$ 1,038.25	\$ 34.27	3.4%	1.7%	21.0%
2016	4,462,276	12,192	\$ 578,685,783	\$ 129.68	\$ 153,900,857	\$ 34.49	\$ 164.17	\$ 1,051.92	\$ 13.67	1.3%	0.0%	21.0%
2017	4,103,917	11,244	\$ 548,809,633	\$ 133.73	\$ 143,661,097	\$ 35.01	\$ 168.73	\$ 1,064.76	\$ 12.84	1.2%	0.3%	20.7%
2018	3,804,421	10,423	\$ 527,522,900	\$ 138.66	\$ 136,427,593	\$ 35.86	\$ 174.52	\$ 1,090.75	\$ 25.99	2.4%	2.0%	20.5%
2019	3,499,443	9,588	\$ 510,598,605	\$ 145.91	\$ 128,717,110	\$ 36.78	\$ 182.69	\$ 1,118.79	\$ 28.04	2.6%	2.8%	20.1%
2020	3,078,103	8,410	\$ 478,904,084	\$ 155.58	\$ 109,153,506	\$ 35.46	\$ 191.05	\$ 1,081.57	\$ (37.22)	-3.3%	1.6%	18.6%
2021	2,686,261	7,360	\$ 471,796,943	\$ 175.63	\$ 96,741,500	\$ 36.01	\$ 211.65	\$ 1,095.41	\$ 13.84	1.3%	1.3%	17.0%
2022 (Jan.-Aug.)	1,385,755	6,078	\$ 263,127,827	\$ 189.88	\$ 53,482,483	\$ 38.59	\$ 228.47	\$ 1,173.92	\$ 72.20	6.6%	6.0%	6.0%
2023 (est)								\$ 1,272.98	\$ 99.07	8.4%	8.0%	

Year	COLA*	PL % Inc
2004 to 2005	2.7%	3.2%
2005 to 2006	4.1%	5.0%
2006 to 2007	3.3%	4.9%
2007 to 2008	2.3%	3.1%
2008 to 2009	5.8%	6.7%
2009 to 2010	0.0%	1.2%
2010 to 2011	0.0%	1.5%
2011 to 2012	3.6%	4.6%
2012 to 2013	1.7%	1.9%
2013 to 2014	1.5%	2.1%
2014 to 2015	1.7%	3.4%
2015 to 2016	0.0%	1.3%
2016 to 2017	0.3%	1.2%
2017 to 2018	2.0%	2.4%
2018 to 2019	2.8%	2.6%
2019 to 2020	1.6%	
2020 to 2021	1.3%	
2021 to 2022	6.0%	6.6%
2022 to 2023**	8.0%	8.4%



SFY	PL PPM	Chg PPM	CHG PPD
2005	\$ 758.90		
2006	\$ 789.93	\$ 31.03	\$ 1.02
2007	\$ 828.95	\$ 39.02	\$ 1.28
2008	\$ 861.85	\$ 32.90	\$ 1.08
2009	\$ 904.16	\$ 42.31	\$ 1.39
2010	\$ 934.41	\$ 30.25	\$ 0.99
2011	\$ 929.11	\$ (5.30)	\$ (0.17)
2012	\$ 943.91	\$ 14.81	\$ 0.49
2013	\$ 974.14	\$ 30.22	\$ 0.99
2014	\$ 993.58	\$ 19.44	\$ 0.64
2015	\$ 1,021.12	\$ 27.54	\$ 0.91
2016	\$ 1,045.09	\$ 23.97	\$ 0.79
2017	\$ 1,058.34	\$ 13.25	\$ 0.44
2018	\$ 1,077.76	\$ 19.41	\$ 0.64
2019	\$ 1,104.77	\$ 27.01	\$ 0.89
2020	\$ 1,100.18	\$ (4.59)	\$ (0.15)
2021	\$ 1,088.49	\$ (11.69)	\$ (0.38)
2022	\$ 1,134.66	\$ 46.17	\$ 1.52
2023	\$ 1,223.45	\$ 88.79	\$ 2.92

\* [www.ssa.gov/cgi-bin/bri.cgi](http://www.ssa.gov/cgi-bin/bri.cgi)

\*\* Estimate for 2023 COLA