



## Long Term Care Update - May 11, 2009

### **Florida's Budget is (almost) Done**

With Florida's budget pending only the Governor's signature, it appears that additional SNF Medicaid budget cuts that would have been effective July 1, will be "bought back" via an increase in the Quality Assessment. It appears that beginning in July, the Assessment will be around \$15 with the "transition" add-on increasing to slightly over \$6. The Medicaid pass through will continue to vary by facility.

Other good news includes a one-year suspension of the Lease Bond requirement, and that the proposed permanent elimination of Price-Level adjustments in program budgets did NOT pass. On the bad news side, 2.9 CNA staffing will be strictly enforced July 1.

Florida Facilities should have completed their on-line registration (even if they're exempt from the assessment), and must remit their April assessment by May 15th or risk Medicaid withholding, a fine of \$1,000/day, and/or revocation of license. This should give Medicaid providers at least 5 days after billing to get their payment EFT.

### **Medicare Part A SNF PPS Proposed Rule Released FFY 2010**

Late on April 30, CMS released the rule, which for FY2010, includes a full 2.1% market basket update and forecast error adjustment (3.3% cut, approx \$14-\$15 PPD), for a net 1.2% decrease in the average Federal SNF rate in FY2010 equal to approximately \$5-\$6 PPD (this error adjustment was also proposed for FY2009, but later eliminated).

Depending on your wage index, your rates may vary. The RUGs "refinement" also caused the relative value of individual RUG rates to vary slightly from prior periods. I calculated the average rate for a facility using CMS's RUGs data for the 4th Quarter of 2008, and calculated the impact for all Florida areas. Based on that, an Urban SNF with an "average" Part A RUG mix and a stable census, can expect Part A revenues to decline just under 1% (between .82% & .87%) depending on their area. Rural SNFs fare slightly better, with a revenue decline of only .6%. FL rates have been provided to FHCA for website posting, but clients can also contact us for an Excel version useful for budgeting. However, this may be impacted by details of President Obama's budget released on May 7th, that include a Medicare administrative policy change to recalibrate case mix weights for skilled nursing facilities that would reduce overall Medicare FY2010 payments to facilities by (\$840) million. The President's 5 and 10-year budgets also project savings from bundling payments covering hospital and post-acute settings.

For FY2011, the CMS proposes to implement MDS 3.0 and RUG-IV in a budget neutral fashion so that overall payments to SNF's are unchanged. However, it appears that payments will shift away from therapy services and more toward medically complex conditions involving respiratory illness and infections using the significantly modified and weighted RUG-66 grouper. CMS believes the new system will capture a patient's functional status more effectively.

For example, the Rehabilitation plus Extensive Services category would include only those nursing services

actually received during the SNF stay itself.

Similarly, in the Extensive Services category, only postadmission ventilator/respirator, and tracheostomy care will count, and the same will be true for infection/isolation. The inclusion of comorbidities has been eliminated as a secondary split and Suctioning has been dropped as a qualifier.

### **Data Submission Requirements under the MDS 3.0 (effective 10/1/2010)**

CMS is proposing to require LTC facilities to transmit MDS data to the national CMS System, instead of their state, within 14 days after the facility completes a resident's assessment.

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