

South Dakota Nursing Facility Rate Review Project

Stakeholder Meeting Summary

June 30, 2022

10:00 AM CT – 1:00 PM CT

Call-in/Webinar Information:

Location: Drifters and via Webinar/Conference Call

Participants:

Stakeholder Workgroup Members			
X	First	Last	Position
x	Misty	Blackbear	Asst. Division Director DHS LTSS
x	Bryan	Breitling	SD Senate District 23
	Marty	Davis	Divisional Vice President of Operations, EmpRes Healthcare Management
	Mark	Deak	Executive Director, SDHCA
x	Anthony	Erickson	Administrator, Avera Sacred Heart
x	Greg	Evans	Audit Manager, Budget and Finance, SD Department of Human Services
x	Sarah	Farnsworth	Reimbursement & Grants Manager, Budget & Finance, DHS
x	Steven	Kohler	BFM Deputy Commissioner
x	Kim	Kouri	Manager Cost Reporting, Good Samaritan Society
x	Heather	Krzmarzick	Division Director DHS LTSS
x	Tom	Martinec	Deputy Secretary, SD Department of Human Services
x	Jesse	Naze	Administrator, Seven Sisters Living Center, Hot Springs SD
x	Connie	Ortega	VP Operations, Western Division Legacy Healthcare
x	Jacob	Parsons	SDAHO
x	Shawnie	Rechtenbaugh	Cabinet Secretary, SD Department of Human Services
	Daryl	Reinicke	CEO, Westhills Village
	Jeremy	Schultes	Administrator, Scotchman Living Center, Philip SD
x	Jeff	Steggerda	Consultant, Brighton Consulting Group
x	Chad	Stroschein	CEO, Caring Professionals
x	Laura	Wilson	Administrator, Tieszen Memorial Home

Consultants			
x	Amy	Perry	Myers and Stauffer
x	Lesley	Gutierrez	Myers and Stauffer
x	Dave	Halferty	Myers and Stauffer
x	Chris	Lewis	Myers and Stauffer

Goals: Initiate stakeholder engagement for 2022 nursing facility rate study.

Agenda:

1. Welcome/Introductions
 - Non-Workgroup Participants – Sara Aker (DSS), Dana Duffy-Costner, Thomas Elness, Jessi Fromm, Morgan Gruebele (BFM), Sen. Jean Hunhoff, Rep. Chris Karr, Jason Malsam, Kim Malsam-Rysdon, Taylor Morris (LRC), Chris Qualm (DOH)
2. Opening Remarks – DHS
3. Work Plan/Timeline – MSLC
4. Review of Prior Report/Current Rate Methodology
 - *Concerned about the 8% cap since costs have increased significantly. Could hold rates down*
 - *The capital component is important to providers. Is that taking into consideration the current market conditions?*
 - *Transparency about how the rates are calculated to the providers. It was mentioned they do provide that calculation but have not since 2015 since the rates have not been rebased since then and only adjusted for inflation as appropriations have allowed.*
 - *Someone asked on the chat, why the occupancy rule is staying in place. State doesn't want to pay for empty beds but it definitely needs to be addressed. Most states have occupancy rules in their rate setting methods.*
5. New Concerns
 - RUGs data ending 9/30/2023. States will move to PDPM. Must do a rebase of the rates to transition from RUGs.
 - Labor challenges – staffing shortages and wage rate increases
 - COVID impact
 - Regulatory concerns
6. PBJ Staffing Data
 - Presented analysis of the Nursing Home Compare State Average and National Ranked PBJ staffing data.
 - RN and LPN staffing variances from SD averages and US averages. SD seems to rely on more RN than LPN staffing.
7. Rate Build-up/Pricing Methodology
 - Driven by labor costs. Ancillary and overhead costs as well

- Total direct care rate with nursing labor, benefits, supplies, allowable therapy costs and other direct care costs.
- Even the 2021 wage rates won't provide the most current data. Develop a labor rate survey to capture more current wage information from providers. Providers use their most recent payroll/salary data to complete the survey. More details are better to analyze.
- Add lines for contracted staff
- Would we get the most current data when getting data from 6 months ago. Probably a quarter of the year as opposed to a month or two-week period. Increasing RN wages to compete. One RN started the year making \$30/hour and next month it will be \$43/hour. Inflation bonuses given and covid bonuses given as well.
- Facilities are spending a lot of money on contracted staff.
- We want to look at this from a real world perspective, our new normal. Inflation and increased costs concerns. Concerned about the caps in a post-covid world.
- Discussion around how the data would be used. Would it be used in the actual rate calculation or analysis purposes only. Data could be used to see how salaries have increased from the 2021 cost data and adjust inflation factor applied to be more reflective of current market conditions. Could be used to identify variations in pay and staffing across the facilities and if the rate methodology needs to be modified to recognize the variations.

8. Stakeholder Concerns

- One facility stated that without COVID money, they would be closed.
- E-care – how can that be added to the cost report?
- How will the concerns be addressed? We are keeping a record of all the meetings and develop a list of those to keep track.
- Providers impacted by the ceilings.
- Develop a methodology that fits South Dakota but also look at industry benchmarks for ceilings and limitations.
- For the survey, use 6 months of wage data but also incorporate any changes that will occur in the near future.
- Review the criteria for access critical facilities
- Thoughts on value based payment?
- Quick turnaround for the cost survey
- There was some discussion of the impact of the ceilings and those facilities excluded from the calculation of the medians that determine the ceilings. Some analysis of this should be included in the modeling efforts and the final report.
- There was discussion of how the cost of agency staffing (contracted nursing and aides) is treated and that options should be considered to incorporate it into the direct care portion of the rate.

9. Closing Remarks/Follow-Up Plans

- Next meeting July 14th and meet every other week (August meeting was later moved to August 18th)

- Provide updated model with new cost and MDS data
- Add a rate build up methodology option within the model
- Send revised salary survey so this can be reviewed and agreed upon during July 14th meeting and sent out by July 15th to be returned by end of July.