

Assisted Living Rate Methodology Review Workgroup
Red Rossa, Pierre, SD
June 13, 2018
1:00-4:00 PM

Present:

Kim Clown, Medicine Wheel Village (via phone); Steve Dueis, Helping Hands Assisted Living; Misty Black Bear, Department of Human Services, Division of Long Term Services and Supports (DHS/LTSS) Paula Cape, Regional Health; Katie Nagle, Edgewood Vista/Pierre; Tony Erickson, Avera Health; Denice Houlette, DHS, Budget and Finance; Beth Dokken, DHS/LTSS; Lethia Marineau, Prairie Homes; Nathan Gellhaus, Angelhaus; Scott Engel, Key City Retirement; Yvette Thomas, DHS/LTSS; Stephanie Olson-Voth, Leisure Living; Heather Krzmarzick, Good Samaritan Society; Rhona Snyder, Good Samaritan Society; Darin Ries, DHS Budget and Finance; Laura Wilson, Tieszen Memoria; Brett Hoffman, South Dakota Association of Healthcare Organizations (SDAHO); Gloria Pearson, DHS Cabinet Secretary; Amanda Van Balen, DHS Budget and Finance; Heather Moechnig, United Retirement Center; Roberta Hindberg, Morgan Lane Assisted Living; Leslie Lowe, DHS/LTSS

After welcome and introductions, Yvette Thomas began with a background and overview of Senate Bill 147 which directs the Departments of Human Services and Social Services to work with provider groups to ensure the methodology for home and community based services are reviewed on a regular basis and include provider input into the process. The rate methodology review is not intended to set reimbursement rate, but rather to review the methodology and make sure all pertinent variables are considered. "2017 Rate Setting Methodology Review" handout.

Denice Houlette reviewed the rate methodology process; there is no uniform methodology for all providers, each provider group has factors which are considered in the methodology. As a reminder, Medicaid may not pay a rate higher than a provider charges as their private pay rate. Denice reviewed the methodology for Assisted Livings which currently uses Nursing Facility cost reports to determine the Assisted Living rate which is 50% of the Nursing Facility Rate. Historically cost report information from Assisted Living providers has been limited; it is very important that Assisted Living providers submit their cost reports to the Department yearly in order to ensure there is adequate information for the rate setting methodology review process. During the most recent Legislative session, an allocation of funding was provided to bring the Assisted Living rate to 90% of the cost. Cost reports are due 5 months after the end of the fiscal year. See presentation titled "Assisted Living Rate Overview".

Participant comments and questions:

- Why are other Assisted Living providers not submitting their cost reports?
Denice explained that providers that have both an Assisted Living and a Nursing Facility submit costs on a combined form. Others may not have any individuals supported by Medicaid in their center and are not required to submit a cost

report. If a provider's center has 15% or more individuals supported by Medicaid, the Department will want a cost report submitted.

- How are these figures put together? Amanda Van Balen reviewed the analysis of the cost reports and shared that outliers are removed from the overall data so they don't skew the results. Amanda further explained that cost reports were analyzed prior to determining if the data should or should not be included.
- Some providers found it necessary to modify their data systems to incorporate the requirements for the cost reports. Staff from budget and finance are willing to help providers with recommendations to make those changes easier.
- Are the cost reports now "standard" and won't change year after year? There may be minor changes, but the overall structure will not change.
- Comment: The difference between the private pay rate and the reimbursement rate is still \$30 and if the State were to raise the reimbursement rate to closer match to the private pay rate there would be more Providers willing to accept Medicaid.
- Comment: Changes in both the Nursing Facility and the Assisted Living industries have made the Assisted Livings more similar to Nursing Facilities than not. Many residents on Medicaid are forced to choose to live in a Nursing Facility instead of an Assisted Living because there are none in the area that would accept Medicaid supported residents.
- There was lively discussion regarding including the cost reports for those centers that don't have the minimum percentage of Medicaid residents. Some individuals feel they should be included as "real world" costs, others aren't sure they should be included. Yvette commented that the Department doesn't have a mechanism to require cost reports from centers that don't have tenants supported by Medicaid.
- Comment: The report doesn't make clear what should and what shouldn't be included in the cost reports. All non-allowable costs are listed in the handbook, which provides instruction on completing the cost report.
- How often will the methodology be reviewed and how often will the rate itself be changed? The methodology is scheduled to be reviewed at a minimum every 5 years; the actual rate change will be reviewed each year and updated depending on available resources. The revenue available in the state is evaluated and each Department builds their budget requests based on the information.
- Is the purpose of this to look years down the road to consider factors that are not currently being reviewed as part of the process? Currently the rate is based on the nursing home cost reports. Achieving better data through increased reporting from this group will help inform potential changes necessary to the methodology.

Participants moved into small groups to discuss what is working/not working with the current methodology. Outcomes from the small group discussions:

Working:

- More cost reports are being submitted
- Having this workgroup shows there is an interest in making a change
- Recent Reimbursement Increase

- Recognition of changing AL services
- Communication to providers from State personnel

Not Working:

- Discount of 50% of nursing facility rate – look at actual AL costs.
- Flat Rates for people with varied needs. (memory care)
- Cost reports completion percentage is lower in this group
- No incentive for providers for those that accept a high percentage of Medicaid recipients
- Cost reports don't factor in the need for providers to make a profit to sustain their business.
- Exclusion of non-Medicaid enrolled providers on cost reports artificially lowers the rate.
- Staffing costs are not included in cost reports (difference in staffing difficulty between urban and rural areas).
- No information available on other state methodologies

Key ideas:

- Base methodology and rate on Assisted Living Cost reports
- Create Tiers, based on:
 - Assessed needs
 - DOH licensure categories
 - Facilities have the option to obtain additional licensing to provide additional services. Staffing needs generally increase with the additional licensing so would be reflected in the cost report. Having the additional licensing doesn't ensure there are actually tenants receiving those services (higher need)
 - Combination of assessment and DOH Licensing is an option.

There was some discussion regarding an idea to survey Assisted Living providers about cost report items rates, tiers of charges and any potential discounts. In the end it was determined this would be more work and wouldn't reveal a lot of new information. Instead, Brett Hoffman with SDAHO will issue a message to all Assisted Living Providers requesting their participation in submitting their cost reports.

Next Steps:

- Members will review their own cost report prior to next meeting
- Brett Hoffman (SDAHO) and the Assisted Living Association will send messages out to all Assisted Living providers requesting them to submit cost report. Amanda Van Balen will work with Brett on wording of the message.

Gloria thanked everyone for their participation; the group ended the meeting with comments by participants regarding what they learned or appreciated from the meeting.