

South Dakota Nursing Facility Rate Review Project

Stakeholder Meeting #4 - Minutes

November 20, 2019 11:00 AM CT – 12:30 PM CT via Webinar and Conference Call

Participants: The following individuals participated in the stakeholder meeting organized by the South Dakota Department of Health (DHS).

Name		Position
Mark	Burkett	CEO, Avera Platte Health Care
Rhonda	Burriss	Program Specialist, Long Term Services and Supports, DHS
Marty	Davis	Divisional VP of Operations, EmpRes Healthcare Management
Mark	Deak	Executive Director, South Dakota Health Care Association
Loren	Diekman	CEO/President, Jenkins Living Center
Greg	Evans	Audit Manager, Budget and Finance, DHS
Dave	Halferty	Senior Manager, Myers and Stauffer
Denice	Houlette	Director, Budget and Finance, DHS
Kim	Kouri	Manager Cost Reporting, Good Samaritan Society
Christine	Lewis	Manager, Myers and Stauffer
Jodie	Mitchell	Finance Manager/Community Controller, Rapid City Regional
Amy	Perry	Partner, Myers and Stauffer
Daryl	Reinicke	CEO, Westhills Village
Sakura	Rohleder	Fiscal and Program Analyst, SD Legislative Research Council
Tom	Snyder	Administrator, Avera Mother Joseph Retirement Community
Jeff	Steggerda	Consultant, Brighton Consulting Group
Yvette	Thomas	Director, Long Term Services and Supports, DHS
Lara	Williams	Budge Analyst, SD Bureau of Finance and Management

Agenda and Notes:

1. Welcome/Roll Call
 - Dave Halferty welcomed participants and conducted a roll call
2. Minutes from November 13, 2019 meeting
 - Minutes were distributed prior to the meeting.
 - Halferty asked members for any comments to the Third Meeting Notes shared via email. Members were asked to reply on the call or send comment in an email by close of business November 21.
 - No comments were received during or after the meeting.
 - Final minutes will be posted to the DHS website.

3. Updates to Model

a. Calculating FY 2021 Rates with and without 8% increase limit.

- Rate have been updated to look at FY 2021 rather than FY 2020.
- Inflation through date should be 12/31/2020 instead of 12/31/2021 to reflect the midpoint of the FY 2021 rate period. Myers and Stauffer will update before sharing the model with members.
- In cell C154 can change from “no” to “yes” to toggle between the percentage increase limit.

b. VBP Options

- Worksheet VBP was added to the rate model.
- Focus on data from Nursing Home Compare.
- Currently filled with “dummy” data. Actual data will be pulled in before sharing model with members.
- Health Inspection, Overall 5-Star Rating, Staffing 5-Star Rating, QM (Quality Measures 5-Star Rating, and QM Scoring.
- QM Scoring focuses on long stay measures and is Medicaid specific
- QM 5-Star is both short stay and long stay.
- Health Inspection is set up as a qualifying factor. If factor is at zero, the facility won't get an incentive. With the Health Inspection factor set to 1 for Ratings 5-3, each facility will get the per diem from the other VBP options. With the factor set to 0.5 for Rating 2 will, these facilities will get ½ of the per diem from the other VBP measures. With the factor set to 0 for Ratings of 1, these facilities will get no incentive per diems. Users can change the factor amounts.
- The intent is to put in a per diem and it will let you see what the total estimated reimbursement would be. Per diems are multiplied by Medicaid days to determine the Estimated Fiscal Impact. Halferty demonstrated how the model works by changing some of the Health Inspection factors and per diems. It is recommend to use Health Inspection results as a qualifying for homes to receive a VBP add-on. CMS has required other states to do something to this effect.
- Paused for questions. None received. Reminder, questions or comments may be sent via email.

4. Property Reimbursement Discussion – Greg Evans lead discussion

a. Lease Limits – what costs are being excluded

- Looked at how applied
- Determined by 70% of the average capital costs for the state.
- Limit is \$9.82 based on 2018 data.
- For leases with related parties, lease expense is limited to the actual costs (which are subject to the capital limits).
- No homes have been impacted by the limit for the last few years. If rates were rebased then then this would have an impact.

b. Capital Limits – impact on allowable costs

- Previously RSMeans data was used to calculate the percent increase that would be applied to the capital limit for each year. This was calculated by comparing the estimated cost to construct a new bed for each year. The increase percent was 50% of the base capital increase. When the RSMeans data changed to cost per per sq. ft. the comparison to the previous year could not be made so the percent increase was limited to general inflation.
- For FY 2020 the ceiling is \$17.92 today.
 - Jeff Steggerda – New construction on a related party lease. Landlord construction subject limit of \$9.82 on the lease.
 - Marty Davis asked if rates can be modeled with the limit for lease expenses and without it. Dave Halferty replied they could and asked if he had any suggestions regarding alternatives.
 - Evans explained that the lease costs should be reported on the rent line but we do not know if all the costs reported there are associated with the lease of the building. It could include other rental costs too. This is a question to be added to the survey.
 - Items like new roof, carpet or windows are paid by the operator and then lease payments are increased.
 - May need more information. The model only used the cost reported on the cost report. Will add question to the survey.
 - Mark commented it's important to know the benchmark and what the \$17.62 represents. There are a lot of aging buildings. One home has \$0.94 capital costs.
 - Halferty suggested stats be added to the model on what excess over the limit.
 - Create a benchmark on capital for South Dakota using a national standard with an adjustment for South Dakota.
 - Tom Snyder commented it's hard to pencil out a new building the current capital reimbursement. Property reimbursement needs addressed in order to encourage providers to maintain buildings.

5. Rate Study Survey

a. Review proposed survey questions

- Halferty read over the survey questions sent via email.
- **IT Costs** - Mark reached out to their auditor to get an idea how difficult it would be to gather the data. Any hospital- based facility would take some doing. To be consistent with Clinics, Nursing, step-down. Freestanding would be easy to get. Chain or corporation may have the same difficulty as hospital-based with central office costs.
- Daryl Reinicke commented that added three or four sentences would help clarify what we are looking for on the survey.
- Jeff suggested we put it in a table with boxes to fill in the numbers.

- **Capital Lease costs**, Evans suggested to add if your lease is with a related party or not.
 - **Medical Director Costs**, suggested to add a question asking about telehealth as well. Same question asking about each telemed and telehealth.
 - Putting the survey into an Excel format would make it easier to compare.
- b. Discuss timeline for gathering/analyzing responses
- The timeline for the survey was discussed. One week to put the survey together, two weeks to answer the survey and then requests over the third week to get the survey in. Extra time would be valuable for those who have to go to preparer.
 - Second draft of the survey will be sent out early next week and then to facilities by December 2nd.
 - Prompts will be sent December 16th to remind providers, and the responses will be due by December 23, 2019.

6. Sharing Rate Model

a. Protecting provider-specific data

- Everything in the model will be locked down except for the green cells. Changes can be made on the first three tabs (Parameters and Analysis, Value Based Purchasing, and Cost Center Assignment).
- Halferty asked what the group what else they would like to see and suggested that a facility rate list could be included but with limited information so that specific facilities cannot be easily identified. If number of beds etc. were listed then may be able to figure out the facility. Mark suggested to put them in groups (HB,FS,U,R,S,L). Then they could sort them.
- MSLC will include a tab that lists the facilities and rates but only includes the categories that each facility falls into (HB/FS, U/R, S/L) and no other identifying information.
- A tab will also be added to summarize rate setting scenarios with rate parameter settings and analysis statistics. The settings and stats for the current methodology plus the current methodology without the 8% increase limit will be included to start.
- The plan is to get the model out to the group by next week so that there will be time to run different scenarios before the December 4th meeting.
- The goal of that meeting will be to discuss recommendations for adjustments to the rate setting parameters.

7. Legislative Report

a. Proposed Content

- Halferty listed the provisions of SB 147 and the work of this workgroup as items to include in the legislative report, then asked what else needs to go into the

report. Jeff Steggerda commented once they have the model they will have more of an idea of what needs to go into the report.

b. Schedule

- Halferty asked for input and guidance on the schedule for producing/submitting the legislative report.
- Greg Evans commented the budget hearing is early February and the sooner they receive the report the better. The session starts mid part of January.
- Halferty suggested having the final version complete by mid-January, and suggested that an outline be put together December 4th, with a goal of circulating an initial draft by December 11th or 13th.
- MSLC will provide a more detailed timeline at the meeting on December 4th.

8. Follow-up Plan/Next Meeting

a. December 4, 2019 Meeting

- In-person meeting in Pierre
- Review/discuss recommendations to date
- Outline legislative report
- Will have webinar and call in available.

b. 2020 Workgroup tasks

- Review survey analysis
- Discuss extraordinary care
- Discuss cost reporting adjustments
 1. Changes needed to effectively implement PDPM
 2. Changes base on survey data analysis

- Minutes will be sent out as soon as possible.
- Members should provide feedback by the end of the day Thursday, 11/21/19, via email on the 11/13/19 meeting minutes and the proposed survey questions.
- Next meeting will be Wednesday, December 4 from 11:00-12:30 Central Standard Time.
- Meeting adjourned at 12:15pm Central Time.