



**STATE OF OKLAHOMA  
OKLAHOMA HEALTH CARE AUTHORITY**

**Agenda  
Rates & Standards Hearing  
December 01, 2011  
1:00 pm  
Ponca Conference Room**

Rate issues to be addressed:

- Proposed Reimbursement Method for Nursing Facilities Serving Adults

DRAFT

**Rates & Standards**  
**November 2011**

**1. Is this a rate change or a method change?**

Rate

**2. Is this change an increase, decrease or no impact?**

The change has no impact on the use of state or federal funds. The increase in patient spend-down resulting from the SSI COLA will increase the total available funding in turn increasing the pools used for the rate component calculations.

**3. Presentation of Issue**

The change is made as a part of following the methodology as established in the state plan and required by Title 63 § 5023 (1991).

**4. Current Methodology/Rate Structure:**

The current rate methodology calls for the establishment of four components for each facility. The current rate components and rate ranges are:

- The current rate range is from \$116.59 to \$131.90
- The current rate components are:
  - Base Rate Component:** \$103.20 per day, defined as the rate in effect at 06-30-05.
  - Other Cost Component:** \$5.95 per day, defined as a per diem amount reflecting 30% of the available funding after meeting the funding for the base rate and the Focus on Excellence (FOE) points earned.
  - Focus on Excellence Component:** \$1.00 to \$5.00 per day earned for performance in the FOE program, the current average is \$2.73 per day.
  - Direct Care Component:** \$ 7.44 per day to \$17.30 per day, with an average of \$13.87 per day, dependent on the facility's relative direct care expenditures.
- The current average rate is \$125.75.

**5. Budget Estimate:**

The state share and federal share of the budget will not change-the only rate changes are due to the added patient spend-down amounts.

**6. Estimated impact on access to care:**

No impact is expected the rates are going up on the average by \$1.15 per day and the number of days has remained constant for some time.

**7. Requested change:**

The agency requests approval of a change in the state plan to increase the pool of funds available for the direct care and other components from \$97,607,577 to \$102,318,569. The increase is due to the funds available from the SSI COLA of 3.6%, effective January 1, 2012. The effect of this change would result in the following rate components: Base Rate \$103.20, Other Component \$6.38, Focus on Excellence average Component \$2.43 and Direct Care average component of \$14.89 for an overall average rate of \$126.90. See Attachment for more detail.

**8. Effective Date of Change:**

January 1, 2012

# DRAFT

OKLAHOMA HEALTH CARE AUTHORITY  
2012 BUDGET  
RATE COMPONENT ESTIMATES  
RATES AT 01/01/12

10/21/2011

UPL Available (current average rate plus SSI COLA Adjustment)**	\$	126.90
Base (Rate in effect at 06-30-05)	\$	103.20
Balance for Pools and Tiered	\$	<u>23.70</u>

Tiered Estimate for 2012 (\$2.73 times .89)	\$	2.43
Net for Pools	\$	<u>21.27</u>
Other Component	30% \$	<u>6.38</u>
Direct Care Component	70% \$	<u>14.89</u>

Total NF Days Estimated	<u>4,810,464</u>
Total Tiered Estimate	11,689,428
Total Pool Estimate	102,318,569
Base Rate Estimate	496,439,885
Other Rate Add-ons for Vent and Aids	\$ 3,839,499
Total Budget	<u>\$ 614,287,381</u>
Previous Budget	<u>\$ 608,755,347</u>
Net SSI Cola Effect	<u>\$ 5,532,034</u>

SSI 3.6% at \$.32 per each 1 percent implies that Spend-down will increase by \$1.15 per day increasing the amount of the allowable rate to \$126.90.

Average NF Rate paid in SFY 2011	\$	125.75
Adjustment for for SSI COLA per State Plan(3.6times.32)	\$	1.15
Average NF Rate for SFY 2012	** \$	<u>126.90</u>

\*\*Per the State Plan an adjustment of \$.32 per day will be made for each 1% increase in the SSI COLA due to it's effect on the funds available from the patient spend-down increase.