

Nursing Facility Rate-Setting Rebase

Town Hall



Agenda

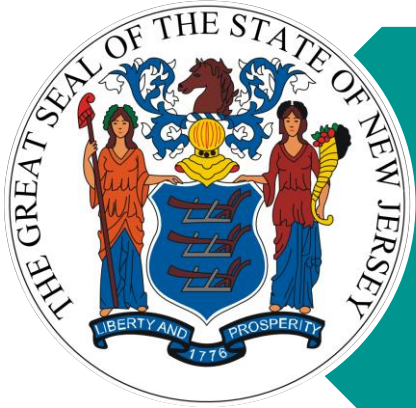
Town Hall Purpose

Agenda

1. DMAHS Overview – Who We Are
2. Nursing Facility Rebase Background – Why
3. Process and Timing for Rate Rebase – How
4. Stakeholders Role – What
5. Questions



Introductions — DMAHS and Mercer



DMAHS

- Eric Kaufmann, Senior Advisor to the Commissioner/ Acting CFO
- Kaylee McGuire, Deputy Commissioner for Aging and Disability Services
- Robert Durborow, Assistant CFO, Division of Medical Assistance & Health Services



Mercer

- Amy Korzenowski, MHA, LHSE, Principal
- Shannon Kojasoy, MPP, Principal
- Rylan Bateman, ASA, MAAA, Associate

Welcome to all of you joining us today

Health Care
Association of
New Jersey

LeadingAge

NJ Hospital
Association

AARP

Disability
Rights New
Jersey

Long-Term
Care
Ombudsman

Licensed New
Jersey Nursing
Facilities

Community
Members

SEIU

Managed Care
Organizations

DMAHS Overview – Who We Are



Overview – How DMAHS Values Align with NF Project

Nursing Facility (NF) Project Vision and Goals:

- Ensure quality services for NF residents
- Transparency of the process
- Receive value for rate investment
- Potential future alignment with quality initiatives



NF Rebase Background – Why

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Current State of Nursing Facility Sector

State of the NF Sector:
American Health Care
Association (AHCA), 2023

8.5%

Inflation for nursing facility
goods and services

55%

Nursing facility providers nationwide
reporting they are operating at a loss

84%

Nursing facilities nationwide
currently facing moderate to high
levels of staffing shortages

New Jersey LTC Program
Assessment: 2022

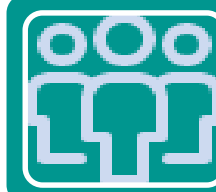
24k

Number of New Jersey residents in
NFs whose primary payer is
Medicaid, CY 2020

97%

Medicaid NF residents enrolled in
MLTSS program as of
September 2021

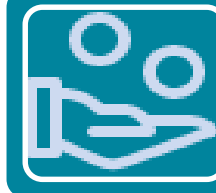
Key Points



Increasing Resident
Medicaid Population



Increasing Costs to Operate

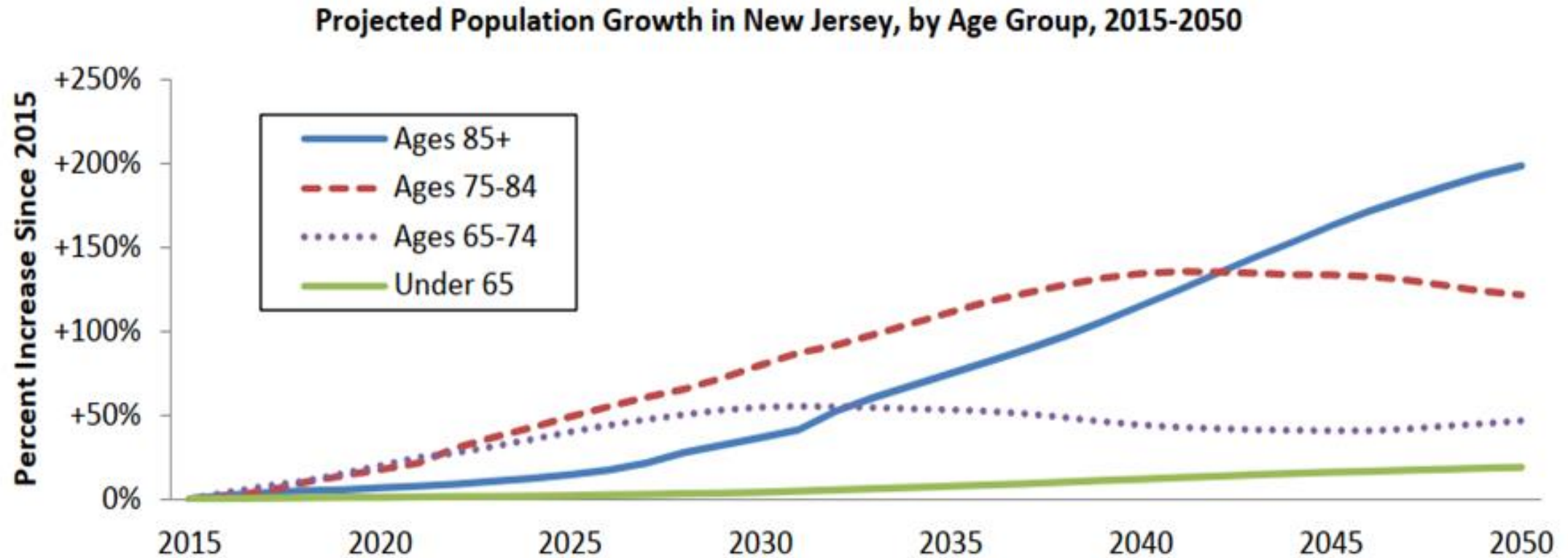


Decreasing Income to
Support Investments



Fewer Workforce to Support
the Overall Population Need

Future of Nursing Facility Sector



- New Jersey population needing NF services projected to increase exponentially¹

¹Mercer produced. The HCBS figures reflect all community-based LTC services covered by Medicaid. These figures include FFS members, but have not been adjusted to include member cost sharing.

Rate Methodology

History of Existing Rates

NF daily rate (per diem) may incorporate a variety of adjustments, supplements, and incentives to the base payment rate. The per diem rate is generally developed from facilities' reported costs. States update the cost reports they use to calculate base rates, rebasing the rates.

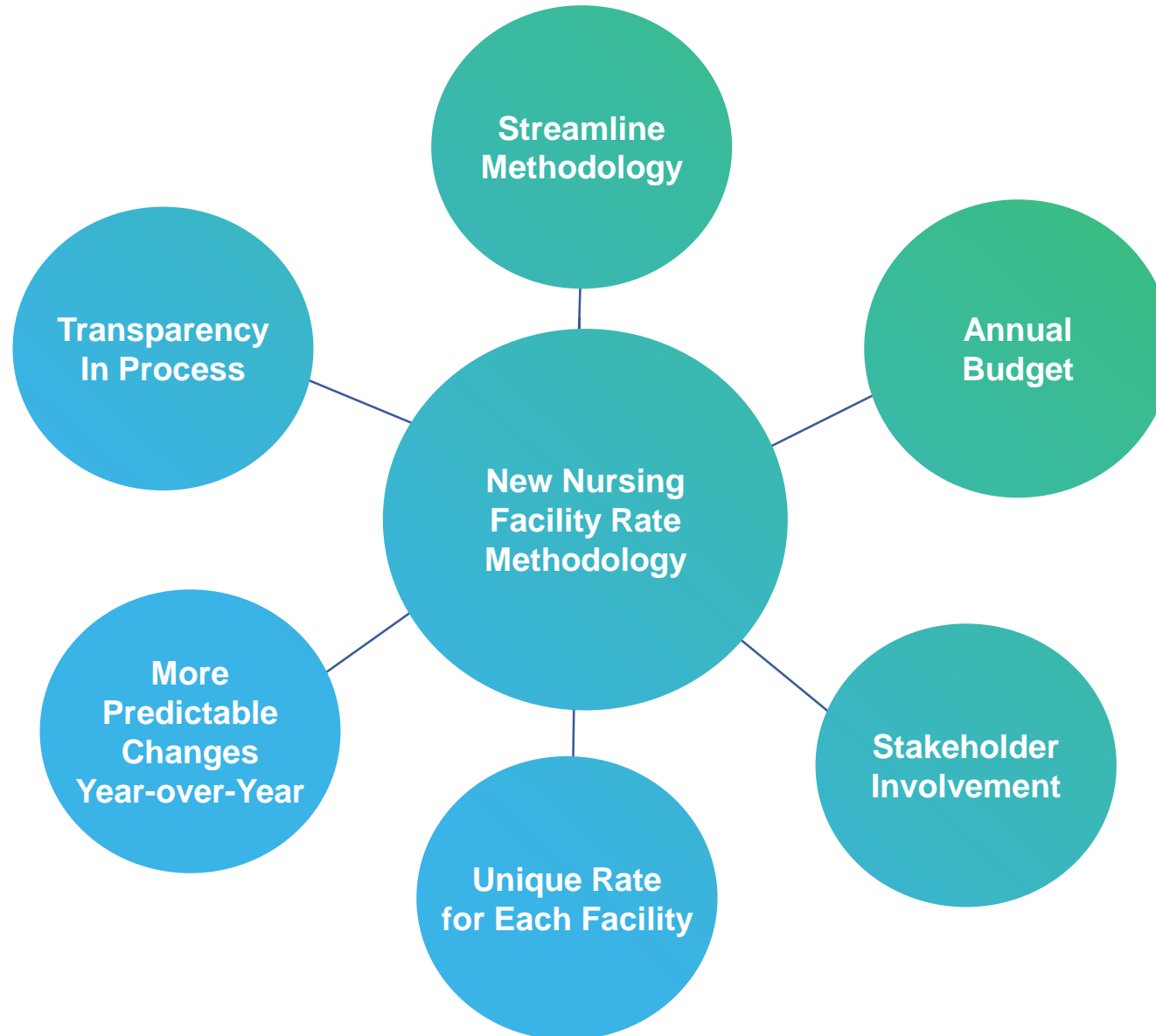
New Jersey's NF rate methodology was last updated SFY 2010:

- SFY 2014 that NF methodology was based on cost reports
- Included add-ons for capital rate, case mix, provider tax, and budget adjustments

New Jersey's NF rates increased due to legislative action as of SFY 2014:

- Rates increased as funding permitted; no longer based on cost reports
- Annual increases remained tied to the SFY 2010 calculation
- Current approach not reflective of present day provider costs

Objectives for Updated Nursing Facility Rate Methodology



Guiding Principles for Stakeholder Engagement

- Bring together and acknowledge all stakeholders
- Be transparent about deficiencies, expectations, and opportunities
- Define a successful rate-rebasing implementation
- Engage feedback on the desired core changes to the methodology
- Engage feedback on possible impacts, both in the interim and implementation



What To Expect: Short and Long Term

Existing rate methodology will be in place for the next fiscal year:

- Rate increases as budgeted by the Appropriations Act; not directly tied to cost reports.
- SFY24 Governor's Budget includes an additional \$30 million for per diem rate increases.

Rates to be based on provider costs reports:

- Feedback will be solicited for the final cost report template as components are reviewed from the initial provider-recommended framework.
- Provider technical assistance session on cost reports Q2 2023.
- First cost report template to providers in Q2 2023.
- Proposed cost reporting period is CY2022.

Other projects under way may impact the updated rate methodology:

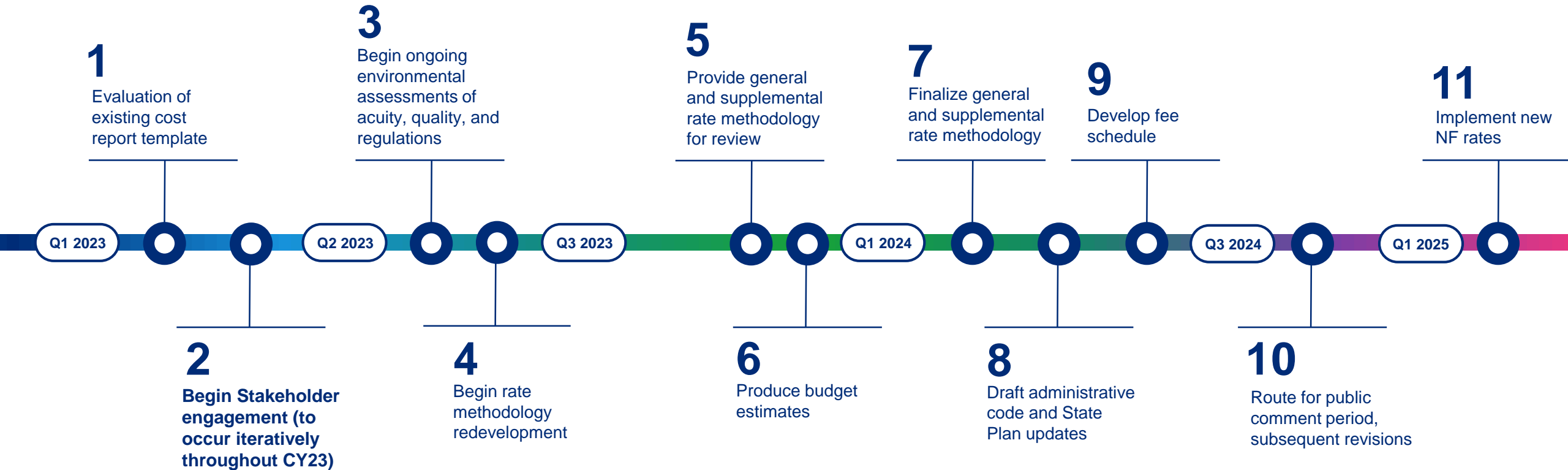
- Quality Initiatives.

Targeting January 2025 rate implementation

Process and Timing for Rate Rebase – How



Rate Redevelopment Journey – Estimated Dates



Stakeholders Role – What

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Stakeholders in the Process

Roles and Perspectives Needing a Common Ground

State of New Jersey, DMAHS | Mercer

- Governing body, guides rate development
- Sets policy, impacting rate methodology
- Responsible for calculating rates
- Disseminates rates to MCOs

Nursing Facilities | Trade Organizations

- Responsible for submitting data that informs self valuation and methodology
- Ensures submission criteria is technically feasible
- Ensures rate payments provide sustainability to caring for Medicaid-covered individuals



Managed Care Organizations (MCOs)

- Coordinate care for covered beneficiaries attributed to NFs
- Disseminate rates from State to facilities

Advocacy Groups

- Represent NF community, resident, and provider
- Ensure the interests, safety, and quality of care of residents and provider communities are acknowledged in rate-rebasing process

Stakeholder Engagement Timeline

March 2023–December 2023



Stakeholder Engagement

All Stakeholders

Town Hall



Objective:
Ensuring stakeholders are informed of the NF rate rebase efforts under way by the State

Content:
Overview of the why, what, and how for NF rate rebasing

Logistics:
One-hour meeting via Zoom

Stakeholder Communication (ongoing)



Objective:
Ensuring stakeholders are informed of the NF rate rebase efforts under way by the State

Content:
Updates to information shared at the town hall

Logistics:
Primarily provided through bulletins emailed to all appropriate DMAHS listservs or other DMAHS-proposed written communication method

Stakeholder Engagement

Designated Stakeholders

Nursing Facility Providers and Provider Associations Group Meeting(s)

Objective:

- Ensure stakeholders are informed of the NF rate rebase efforts under way by the State.

Content:

- Background on NF rate-setting process and lessons learned from previous experience.
- Overview on reasons for rebasing.
- Questions to solicit provider feedback on specific DMAHS-determined design elements.

Logistics:

- Two one-hour meetings to be led by Mercer and DMAHS via Zoom. More than two meetings may be required due to group size.
- Open forum to get feedback/responses to questions.

Advocacy Group Meeting(s)

Objective:

- Ensure stakeholders are informed of the NF rate rebase efforts under way by the State.

Content:

- Overview of DMAHS-determined design elements.

Logistics:

- Two one-hour meeting(s) to be led by Mercer and DMAHS via Zoom. More than two meetings may be required due to group size.
- Open forum to get feedback/responses to questions.

MCO Group Meeting(s)

Objective:

- Ensure managed care plans review any possible impacts of administration of rates.

Content:

- Overview of DMAHS-determined design elements.

Logistics:

- One to two meetings will be led by Mercer and DMAHS via Zoom. An open forum for guided questions and information sharing.
- A request for additional information will be sent to each MCO via email, if needed.

Questions and Comments

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Questions?



