



# NURSING FACILITY RATE SETTING

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# Nursing Facility Price-Based Methodology

## 12VAC30-90-44

- Creating Rates



Locate  
Regulations

Gather Data  
Sources

Apply  
Calculations

Rates

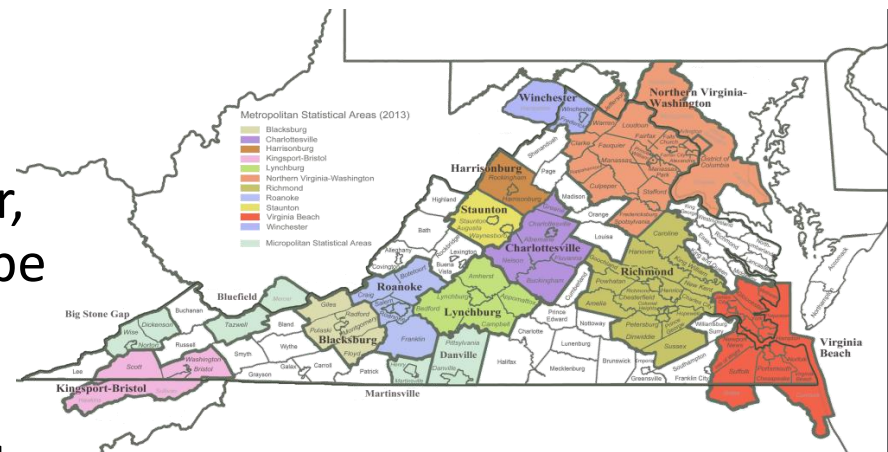
<https://law.lis.virginia.gov/admincode/title12/agency30/chapter90/section44/>

# Five key tenets

- ❑ Prospective methodology
- ❑ Control costs
- ❑ Framework for managed care payment
- ❑ Provider specific
- ❑ Case member index (CMI)
  - Providers paid less for members that require less resources
  - Providers paid more for members requiring more resources

# Peer Groups

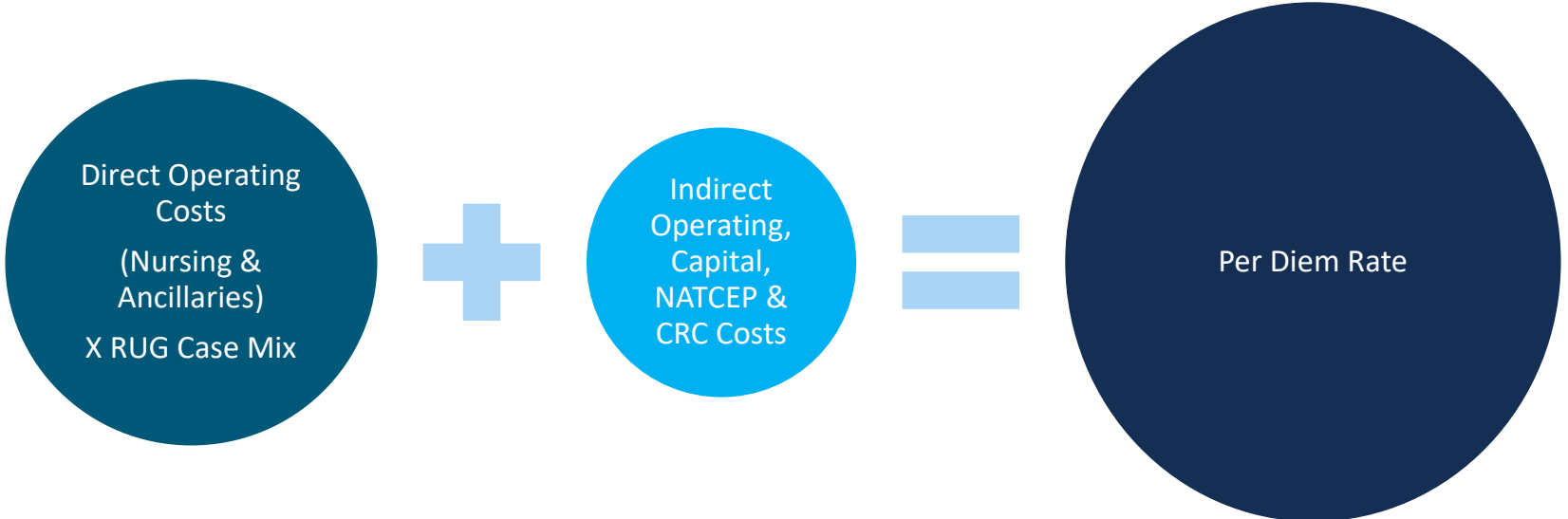
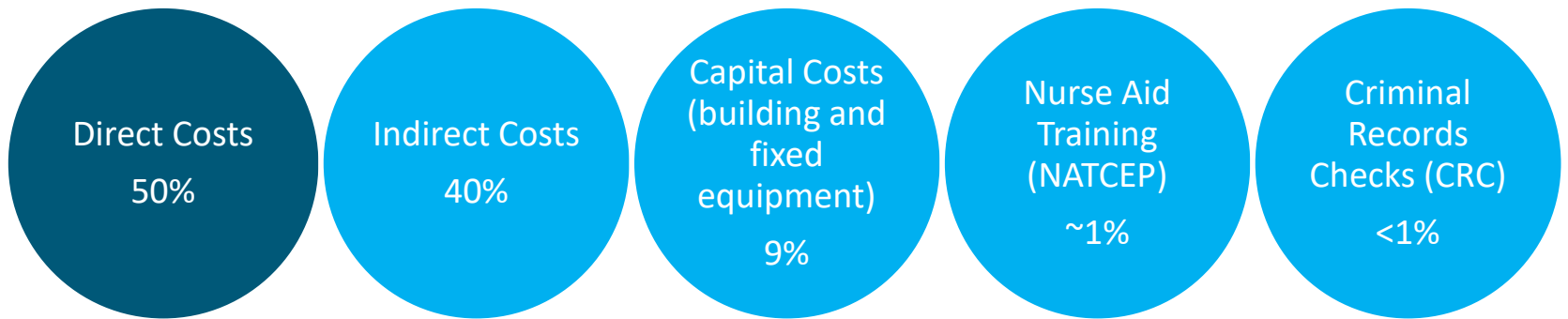
- A group of facilities that share similar characteristics,
- Facilities within a peer group are typically located close to each other, provide a similar services, and can be similar in size,
- Peer groups help providers get paid more accurately, and
- Providers in more expensive areas are paid more while providers in less expensive areas are paid less.



# Data Sources



# Cost Categories and Payment Equation



# Operating Rates: direct and indirect cost

## Direct Cost Examples

- Direct patient care
- Nursing (RN, LPN, CNA, etc.)
- Medicaid ancillary costs
- Adjusted during claims adjudication

## Indirect Cost Examples

- Facility costs that do not relate to “hands on care”
- Administration
- Management
- Dietary
- Cleaning/laundry
- Subscriptions
- Not adjusted during claims adjudication

# Resource Utilization Groups (RUG)

- **RUG codes:**
  - Clinical categories
  - Measure resources for different levels of acuity
  - Weight between 0.45 and 3.00
  - CMI is calculated from RUG weights to obtain the average patient acuity by facility
  - Higher numbers indicate a higher use of resources and expenses
- **CMS Minimum Data Set (MDS)** survey instrument is a standard questionnaire
- MDS assessments are required for reimbursement

Resource Utilization Group (RUG) - IV, Grouper 48

RUG Category	RUG Description	ADL Range	RUG Weight Effective 7/1/2017
AAA	Default Group	0 to 16	0.45
BA1	Behavioral/Cognitive with No Restorative Nursing	0 to 1	0.53
BA2	Behavioral/Cognitive with Restorative Nursing	2 to 5	0.58
BB1	Behavioral/Cognitive with No Restorative Nursing	0 to 1	0.75
BB2	Behavioral/Cognitive with Restorative Nursing	2 to 5	0.81
CA1	Clinically Complex with No Depression	0 to 1	0.65
CA2	Clinically Complex with Depression	0 to 1	0.73
CB1	Clinically Complex with No Depression	2 to 5	0.85
CB2	Clinically Complex with Depression	2 to 5	0.95
CC1	Clinically Complex with No Depression	6 to 10	0.96
CC2	Clinically Complex with Depression	6 to 10	1.08
CD1	Clinically Complex with No Depression	11 to 14	1.15
CD2	Clinically Complex with Depression	11 to 14	1.29
CE1	Clinically Complex with No Depression	15 to 16	1.25
CE2	Clinically Complex with Depression	15 to 16	1.39
ES1	Extensive Services Level 1	2 to 16	2.22
ES2	Extensive Services Level 2	2 to 16	2.23
ES3	Extensive Services Level 3	2 to 16	3.00
HB1	Special Care High with No Depression	2 to 5	1.22
HB2	Special Care High with Depression	2 to 5	1.55
HC1	Special Care High with No Depression	6 to 10	1.23
HC2	Special Care High with Depression	6 to 10	1.57
HD1	Special Care High with No Depression	11 to 14	1.33
HD2	Special Care High with Depression	11 to 14	1.69
HE1	Special Care High with No Depression	15 to 16	1.47
HE2	Special Care High with Depression	15 to 16	1.88
LB1	Special Care Low with No Depression	2 to 5	0.95
LB2	Special Care Low with Depression	2 to 5	1.21
LC1	Special Care Low with No Depression	6 to 10	1.02
LC2	Special Care Low with Depression	6 to 10	1.30
LD1	Special Care Low with No Depression	11 to 14	1.21
LD2	Special Care Low with Depression	11 to 14	1.54
LE1	Special Care Low with No Depression	15 to 16	1.26
LE2	Special Care Low with Depression	15 to 16	1.61
PA1	Reduced Physical Function with No Rest. Nursing	0 to 1	0.45
PA2	Reduced Physical Function with Rest. Nursing	0 to 1	0.49
PB1	Reduced Physical Function with No Rest. Nursing	2 to 5	0.65
PB2	Reduced Physical Function with Rest. Nursing	2 to 5	0.70
PC1	Reduced Physical Function with No Rest. Nursing	6 to 10	0.85
PC2	Reduced Physical Function with Rest. Nursing	6 to 10	0.91
PD1	Reduced Physical Function with No Rest. Nursing	11 to 14	1.06
PD2	Reduced Physical Function with Rest. Nursing	11 to 14	1.15
PE1	Reduced Physical Function with No Rest. Nursing	15 to 16	1.17
PE2	Reduced Physical Function with Rest. Nursing	15 to 16	1.25
RAA	Rehabilitation All Levels	0 to 1	0.82
RAB	Rehabilitation All Levels	2 to 5	1.10
RAC	Rehabilitation All Levels	6 to 10	1.36
RAD	Rehabilitation All Levels	11 to 14	1.58
RAE	Rehabilitation All Levels	15 to 16	1.65



# DMAS Nursing Facility Web Resources

<https://www.dmas.virginia.gov/for-providers/general-information/rate-setting/nursing-facilities/>

The screenshot displays the Virginia Medicaid website interface. At the top left is the Virginia Medicaid logo and the text "Department of Medical Assistance Services". To the right are links for "Privacy Policy", "Sitemap", and "MIS Portal Login". A search bar is located in the top right corner. Below the header is a navigation menu with tabs for "Applicants", "Members", "Providers", "Appeals", "COVID-19", "Open Data", and "About Us". The "Providers" tab is selected. Below the navigation menu is a breadcrumb trail: "Home > For Providers > General Information > Rate Setting > Nursing Facilities". The main content area is titled "Nursing Facilities" and contains two sections: "Reporting and Information" and "Wage Survey". The "Reporting and Information" section lists several documents: "CY 2020 FRV Reporting Form", "MDS 3.0 Section 5 Instructions", "MDS 3.0 Guidance Document", "RS Means Construction Cost Limits & FRV Values", "Nursing Facility Limits for Administrators, Medical Directors, and Management Fees", "Nursing Facility Price-Based Payment Methodology and Hospice FAQs", and "Proposed Nursing Facility Price-Based Payment Methodology FAQs Glossary". The "Wage Survey" section lists: "Registration / Survey Link", "Cover Letter", "Data Entry Information", "Excel Workbook", and "Frequently Asked Questions". On the right side of the page is a "NAVIGATE" sidebar with a "General Information" section containing links for "Claims and Billing", "Emergency Waivers", "Medicaid Provider Manual Drafts", "Procedure Fee Files & CPT Codes", "Rate Setting", "Graduate Medical Education", "Hospital Rates", "Lump Sum Reimbursement", "Nursing Facilities", "Outpatient EAPG", and "Service Authorization".

# Summary

- NF payment rates are set using retrospective data based on direct and indirect costs
- Direct cost represents direct patient care that are adjusted during claim adjudication
- Indirect cost represents administration and management, these are not adjusted during claims adjudication