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CABINET FOR HEALTH  
AND FAMILY SERVICES

**Kentucky Department for Medicaid Services**

Price-Based Nursing Facility Services

Kentucky Association of Health Care Facilities Annual Conference

November 16, 2023



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**Welcome**

Kentucky Association of Health Care Facilities  
Annual Conference



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## How we will spend our time together today...

- **Background**
- **Rate-Setting Changes Beginning July 2024**
  - **Rebasing**
  - **PDPM Implementation**
  - **Provider Tax and Quality Updates**
  - **Statewide Reappraisals**
- **Open Discussion**

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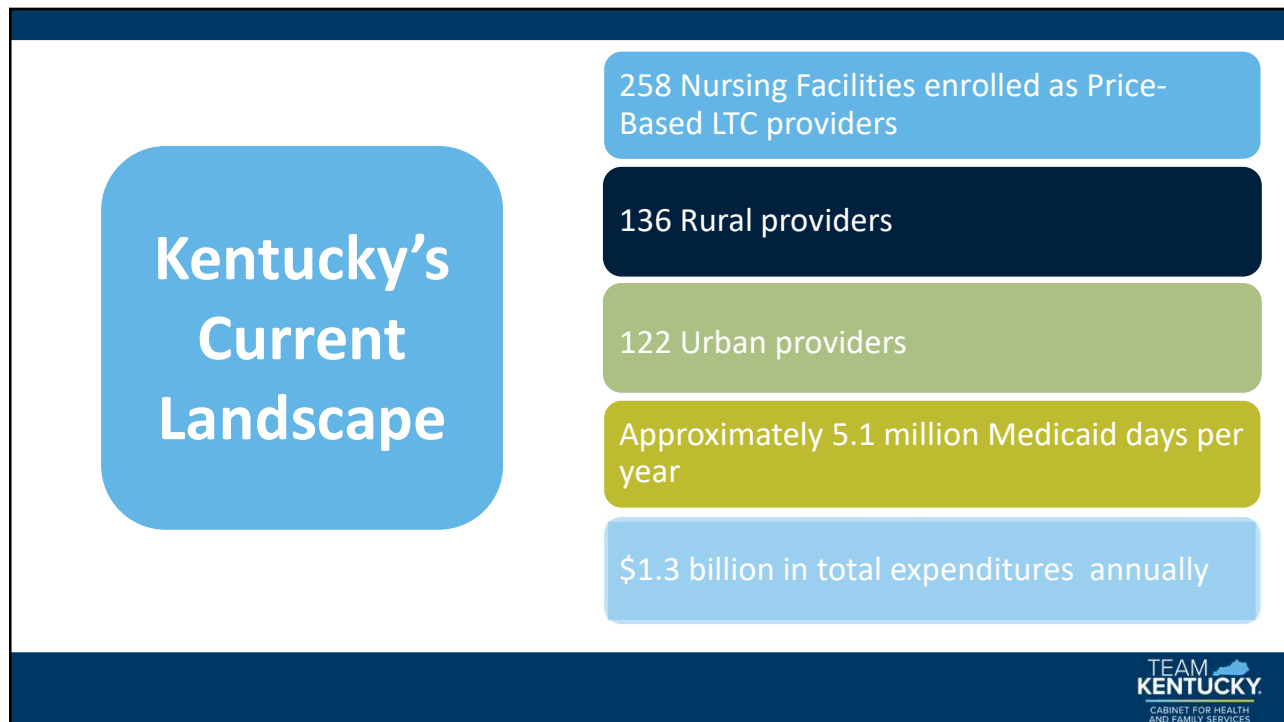
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# Background

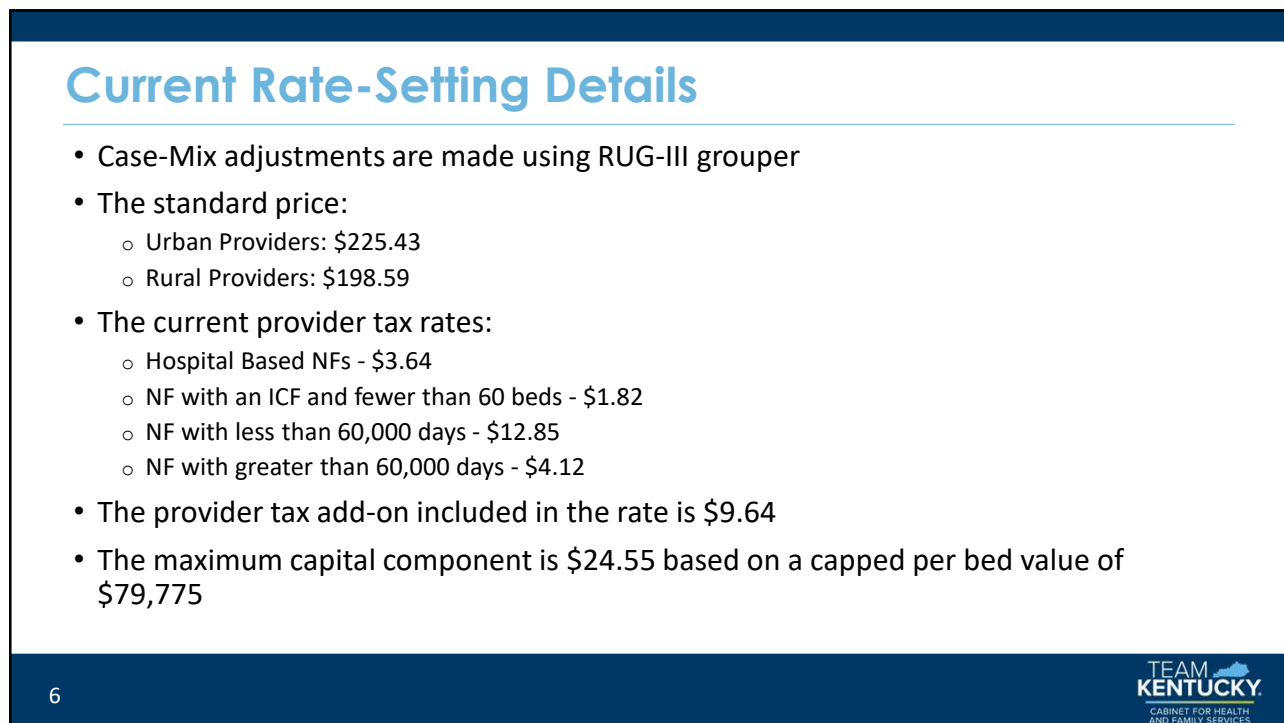
## Price-Based Long-Term Care

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# Changes Beginning July 2024

Price-Based Long Term Care

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## NF Rate Topics at a Glance

Rebasing	PDPM Implementation
Provider Tax and Quality Update	Statewide Reappraisals

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## Rebasing Overview

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- The current rate methodology was implemented in 2000.
- The last rebasing occurred in 2008.
- July 2024 rates will be rebased using 2022 Medicaid and Medicare cost report data.
- The staffing ratios, wages, benefit ratios, and indirect percentage will be rebased.
- Inflationary adjustments to the rate period will be applied.
- Direct care costs for the Medicaid population are case mix adjusted to arrive at per diem rate for Medicaid residents.

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## PDPM Implementation

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- Beginning October 1, 2023, RUG data will not be available on the MDS.
- Rates effective January 1, 2024 will be frozen through June 30, 2024.
- Starting July 1, 2024, PDPM data will be used to calculate the case mix index (CMI).
- Only the nursing component CMI will be applied to case-mix adjusted rate components.
- CMS PDPM CMIs will be recalibrated to calculate Kentucky specific CMIs with a goal of remaining budget neutral in the aggregate. Individual facilities may experience an increase or decrease from the historic CMIs.

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## Provider Tax and Quality Update

- The Department anticipates increasing the provider tax fee and allowance on 07/01/2024.
- After one year of receiving the updated provider tax allowance in the Price Based per diem rates, the Department plans to implement a quality program beginning 07/01/2025.
- The quality program will utilize the increased provider tax allowance amount from 07/01/2024 to fund the quality pool.
- 2022 cost reports will be utilized to calculate the increased provider tax.
- Stakeholders will discuss which quality measures to include in the program and quality reports are expected to be distributed in state fiscal year 2025.

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## Statewide Reappraisals

- Statewide Reappraisals occur every 5 years
- Last statewide reappraisals were performed in 2019.
- Appraisals will be performed by National Valuation Consultants, Inc (NVC)
- The reappraisals will be used to calculate each facility's depreciated replacement cost.
- Facilities will need to pay \$3,000 to NVC for each appraisal.

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# Statewide Reappraisals

## Overview

This is a high level overview of the statewide reappraisal process.

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**Fall 2023**

A communication will be sent to providers notifying them of the reappraisals.
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**January – April 2024**

NVC will schedule and perform reappraisals.
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**April – June 2024**

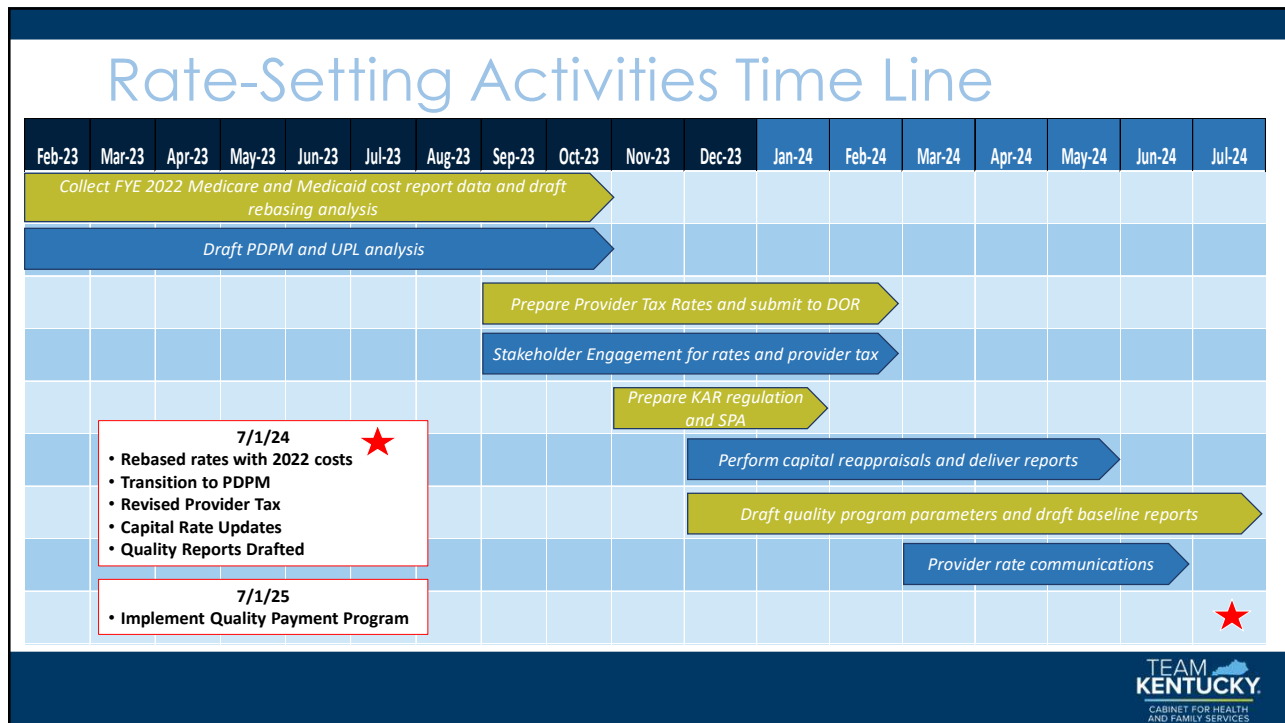
Provider will receive a copy of their facility's reappraisal report.
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**July 2024**

Reappraisal values will be implemented into the rates.

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## Nursing Facility Workgroup

- Kentucky Association of Health Care Facilities (KAHCF) representatives
  - Savannah Wiley, Terry Skaggs, Jay Trumbo, Sarah McIntosh
- LeadingAge representatives
  - Tim Veno, Jamie Woods, Linda Ross
- Department for Medicaid Services (DMS) participants
  - Steve Bechtel, Amy Richardson, Pam Smith, Jacob Wilson
- Myers and Stauffer (M&S) participants
  - Tara Clark, Beth Vail, Tiffany Buchanan, James Wright

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## Questions

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