

Overview of Georgia  
Medicaid's Nursing Facility  
Case Mix Reimbursement  
Methodology

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# Case Mix Based Additional Elements

- ◆ RUG Weights
- ◆ Base Period Overall Case Mix Index
- ◆ Quarterly Medicaid Case Mix Index
- ◆ Cognitive Performance Scale Add-on
- ◆ Staffing Incentive Add-on



## RUG Weights

- ◆ Standard RUG III (34 Group version) Weights Are Used In Classifying Nursing Facility Residents Into Case Mix Groups
- ◆ A 2% Incentive Add-on is Included in Those RUG Categories That Mississippi Identifies as Relating to Quality and Access (MS also uses a 2% Add-on)

RUG III Category (34 Group Version)	Classification Description	Classfctn Code	Original RUG Weights	GA Weights (2% Addon for Quality & Access Clsfcctn Codes)
Behavioral Problems	Behavior Problem / ADL 4-5	BA1	0.6120	0.6120
Behavioral Problems	Behavior Problem with Nursing Rehab / ADL 4-5	BA2	0.7500	0.7500
Behavioral Problems	Behavior Problem / ADL 6-10	BB1	0.8660	0.8660
Behavioral Problems	Behavior Problem with Nursing Rehab / ADL 6-10	BB2	1.0210	1.0410
Clinically Complex	Clinically Complex / ADL 4-11	CA1	0.9340	0.9530
Clinically Complex	Clinically Complex with Depression / ADL 4-11	CA2	1.0490	1.0640
Clinically Complex	Clinically Complex / ADL 12-16	CB1	1.1540	1.1770
Clinically Complex	Clinically Complex with Depression / ADL 12-16	CB2	1.2470	1.2720
Clinically Complex	Clinically Complex / ADL 17-18	CC1	1.3110	1.3370
Clinically Complex	Clinically Complex with Depression / ADL 17-18	CC2	1.4250	1.4540
Impaired Cognition	Cognitive Impairment / ADL 4-5	IA1	0.7030	0.7030
Impaired Cognition	Cognitive Impairment with Nursing Rehab / ADL 4-5	IA2	0.7770	0.7770
Impaired Cognition	Cognitive Impairment / ADL 6-10	IB1	0.9380	0.9570
Impaired Cognition	Cognitive Impairment with Nursing Rehab / ADL 6-10	IB2	1.0610	1.0820
Physical	Reduced Physical Function / ADL 4-5	PA1	0.5750	0.5750
Physical	Physical Function with Nursing Rehab / ADL 4-5	PA2	0.6370	0.6370
Physical	Reduced Physical Function / ADL 6-8	PB1	0.7490	0.7490
Physical	Physical Function with Nursing Rehab / ADL 6-8	PB2	0.8240	0.8410
Physical	Reduced Physical Function / ADL 9-10	PC1	0.8650	0.8650
Physical	Physical Function with Nursing Rehab / ADL 9-10	PC2	0.9370	0.9560
Physical	Reduced Physical Function / ADL 11-15	PD1	0.9900	0.9900
Physical	Physical Function with Nursing Rehab / ADL 11-15	PD2	1.0950	1.1170
Physical	Reduced Physical Function / ADL 16-18	PE1	1.0770	1.0770
Physical	Physical Function with Nursing Rehab / ADL 16-18	PE2	1.1890	1.2120
Rehabilitation	Rehabilitation All Levels / ADL 4-8	RAA	1.4720	1.5010
Rehabilitation	Rehabilitation All Levels / ADL 9-13	RAB	1.7720	1.8070
Rehabilitation	Rehabilitation All Levels / ADL 14-16	RAC	1.9360	1.9750
Rehabilitation	Rehabilitation All Levels / ADL 17-18	RAD	2.2840	2.3300
Extensive	Extensive Special Care 1 / ADL > 6	SE1	1.9430	1.9820
Extensive	Extensive Special Care 2 / ADL > 6	SE2	2.3160	2.3520
Extensive	Extensive Special Care 3 / ADL > 6	SE3	2.6390	2.6960
Special Care	Special Care / ADL 4-14	SSA	1.7090	1.7430
Special Care	Special Care / ADL 15-16	SSB	1.7360	1.7710
Special Care	Special Care / ADL 17-18	SSC	1.8770	1.9150



# Base Period Overall Case Mix Indexes

- ◆ The RUG scores, using the original RUG weights, for all residents in a Nursing Facility as of the end of each quarter of the Cost Report year are summed.
- ◆ This sum is divided by the number of residents in the facility at the end of each quarter in order to obtain an overall average RUG score. This is the Base Period Overall Case Mix Index (CMI).
- ◆ The CMI is divided into the cost report net per diem for Routine (& Special) Services in order to adjust costs to a weight equal to 1.0. This calculation normalizes costs to account for the acuity levels of patients in the facility.
- ◆ These Case Mix Adjusted Per Diem Costs are utilized to calculate the Peer Group Standards for Routine (&Special) Services.

# Quarterly Medicaid Case Mix Index

- ◆ The RUG scores, using the Georgia Q&A weights, for all Medicaid residents in a Nursing Facility as of the end of a quarter are summed.
- ◆ This sum is divided by the number of Medicaid residents in the facility at the end of the quarter, who have had an assessment, in order to obtain an average RUG score for all Medicaid patients. This is the quarterly Medicaid Case Mix Index (CMI).
- ◆ The quarterly Medicaid CMI is multiplied by the Case Mix Based Allowed Per Diem for Routine (& Special) Services, (from the Annual Cost Report based calculations), in order to adjust per Diem Rates to reflect the acuity levels of the Medicaid patients in the facility.
- ◆ These quarterly Case Mix Adjusted Per Diem rates are entered into the Medicaid claims payment system approximately 90 days after the end of the MDS reporting period used to calculate the CMI, at the start of the second quarter after the end of the reporting period.

# Cognitive Performance Scale Add-on

- ◆ The Cognitive Performance Scale (CPS) Add-on is based on the percent of Medicaid patients with “moderately severe impairment” to “very severe impairment” per the quarterly MDS based scores from each Nursing Facility
- ◆ The percent add-on is applied to the quarterly Routine (& Special) Services Case Mix Adjusted Allowed Per Diem as follows:

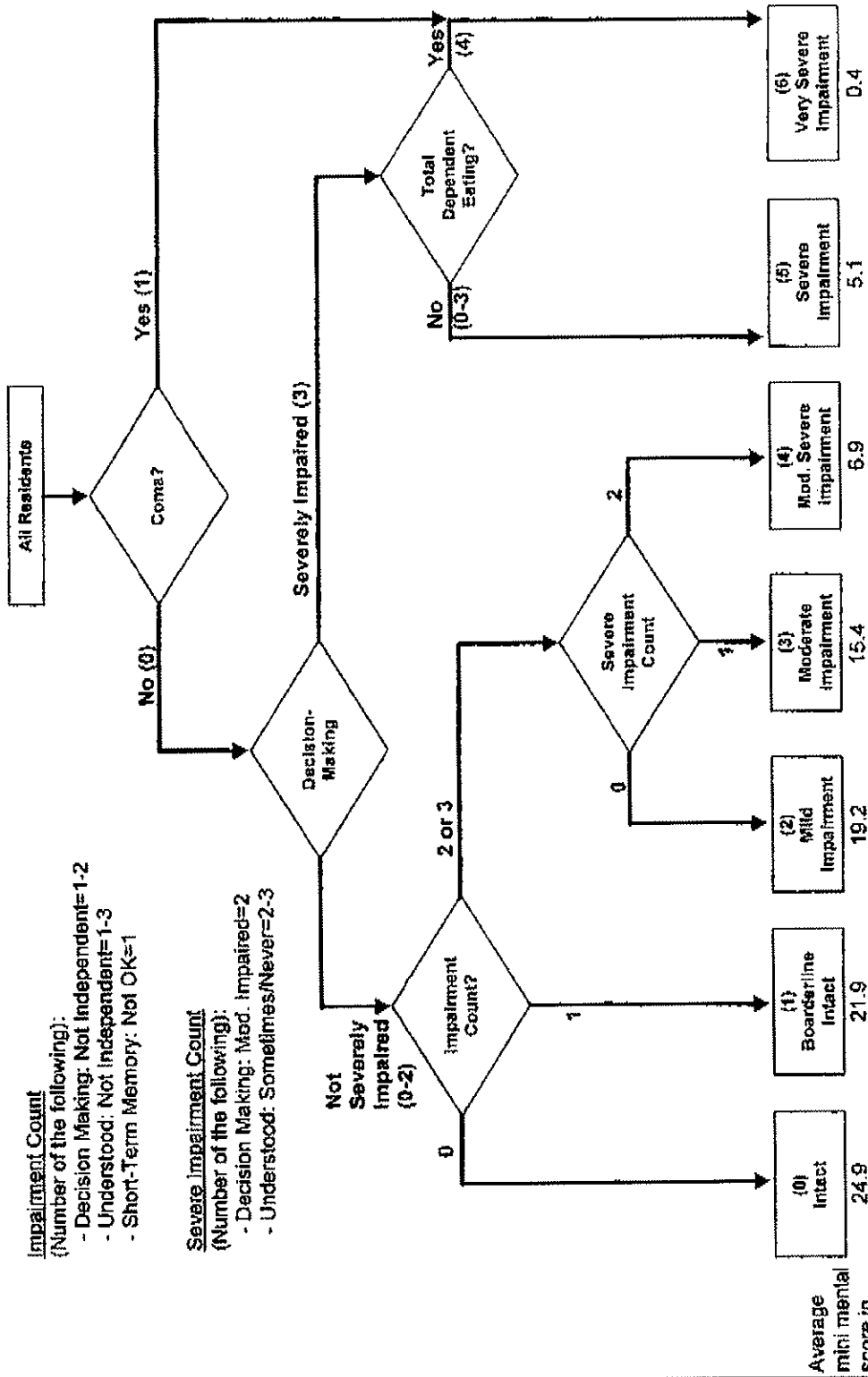
<20% = 0

20% to <30% =1%

30% to <45% =2.5%

45% to 100% = 4.5%

# CPS SCORING RULES



**Impairment Count**  
(Number of the following):  
 - Decision Making: Not Independent=1-2  
 - Understood: Not Independent=1-3  
 - Short-Term Memory: Not OK=1

**Severe Impairment Count**  
(Number of the following):  
 - Decision Making: Mod. Impaired=2  
 - Understood: Sometimes/Never=2-3

Average mini mental score in field trial where 30 is best and 0 is worst

Reference: Morris, JN, Fries, BF, et al MDS Performance Scale. J. Gerontology 1994; 49, m174-m182

# Staffing Incentive Add-on

- ◆ A staffing adjustment equal to 1% of the Allowed Per Diem for Routine and Special Services may be added to a facility's rate. To qualify for such a rate adjustment, a facility's quarterly Nursing Hours and Patient Days Report must demonstrate that the facility meets the minimum staffing requirements of 2.50 actual working hours.
- ◆ The Division also requires that a facility participate in the Division-sponsored quality improvement initiatives in order to receive this adjustment.



# Other Rate Setting Elements

- ◆ Cost Reports
- ◆ Peer Groups
- ◆ Cost Centers
- ◆ Net per Diems
- ◆ Standards
- ◆ Allowed Per Diems
- ◆ Growth Allowances
- ◆ Efficiency Measures



# Cost Reports

## Case Mix Based

- ◆ Audited FY2002 Cost Reports

# Peer Groups and Cost Centers

Cost Centers	Group#	Case Mix Based Rates	
		Facility Type	Bed Size
Routine&Spcl	1	All Facilities	All Bed Sizes
"	2	N/A	N/A
"	4	N/A	N/A
"	6	N/A	N/A
"	8	N/A	N/A
Dietary	1	HB	All Bed Sizes
"	2	Free Standing	All Bed Sizes
"	3	N/A	N/A
"	4	N/A	N/A
"	5	N/A	N/A
"	6	N/A	N/A
L&H/O&M	1	All Facilities	All Bed Sizes
"	2	N/A	N/A
"	3	N/A	N/A
"	4	N/A	N/A
Adm & Genrl	1	All Facilities	All Bed Sizes
"	2	N/A	N/A
"	3	N/A	N/A
"	4	N/A	N/A



# Net Per Diems

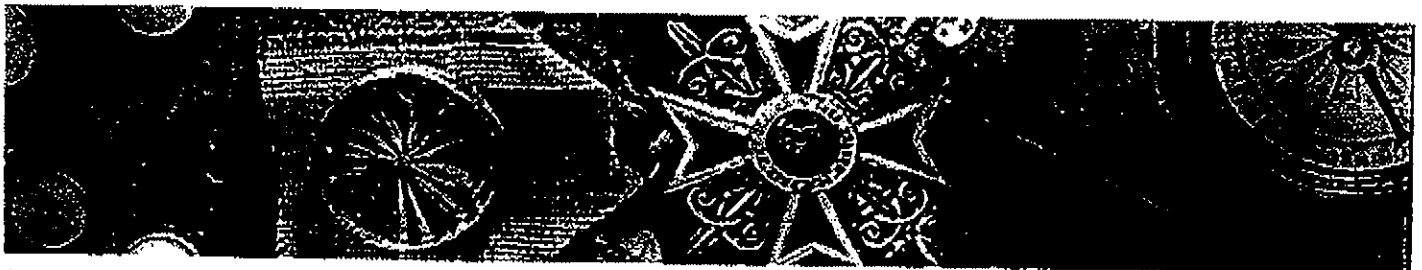
## Case Mix Based

- ◆ Each Provider's Cost Center Costs are Divided by Total Days
- ◆ Routine and (temporarily) Special Services are Case Mix Adjusted by Overall Case Mix Index for the C/R FY
- ◆ Property and Related Costs are Subject to Dodge Index
- ◆ Taxes and Insurance are a Direct Pass Through



# Peer Group Standards

Peer Group	Cost Based Peer Group Standards		Case Mix Based Peer Group Standards	
	Percentile	Multiplier	Percentile	Multiplier
Routine and Special Services	90.0%	100.0%	90.0%	100.0%
Dietary Services	90.0%	100.0%	90.0%	100.0%
Laundry & Houskeeping and Operations & Maintenance	85.0%	100.0%	85.0%	100.0%
Administrative & General	50.0%	105.0%	50.0%	105.0%
Property & Related	N/A	N/A	N/A	N/A



# Allowed Per Diems

## Case Mix Based

- ◆ Allowed Per Diems are the Lesser of the Peer Group Standard or the Provider's Net Per Diem, for Each Applicable Cost Center Group



# Growth Allowances

## Case Mix Based

- ◆ Growth Allowance is 6.4% of FY02 Cost Report Data Effective with July 1, 2003 Per Diem Rate



# Efficiency Measures

Peer Group	Cost Based	Case Mix Based
Routine and Special Services	\$0.53	\$0.53
Dietary Services	\$0.22	\$0.22
Laundry & Houskeeping and Operations & Maintenance	\$0.41	\$0.41
Administrative & General	\$0.37	\$0.37
Property & Related	\$0.40	\$0.40



Line #	Description	Sources / Calculations	Totals		Routine Services
			a	b	
9	Net Per Diems prior to Case Mix Adjustmt to Routine Svcs	Ln 7 / Ln 8 Cola	\$91.06	\$50.33	
10	Base Period Facility <u>Case Mix Index</u> for All Residents	from 4 qtrs of FY02		<u>1.0332</u>	
11	Routine Svcs Case Mix Adjustd (CMA) Net Per Diem	Ln 9 / Ln 10		\$48.71	
12	Net Per Diems after Case Mix Adjustmt to Routine Svcs	RS = Ln 11, A10(tir = Ln 9		\$48.71	
13	Per Diem Standards (After Statewide CMA for Routine Svcs)	per Peer Group Limits		\$59.32	
14	Base Period Case Mix Adjusted Allowed Per Diem	Lesser of Ln 12 or Ln 13	\$93.70	\$48.71	



Line #	Description	Sources / Calculations	Totals		Routine Services
			a	b	
15	Quarterly Per Diem Rate Prior to Add-ons Growth Allowance Percentage = <u>6.4%</u>	Ln 14 x Growth Allowance %	\$5.54	\$3.12	
16	CMA Allowed Per Diem (After Growth Allowance Add-on)	Ln 14 + Ln 15	\$99.24	\$51.83	
17	Quarterly Facility Case Mix Index for Medicaid Residents	per Current Qtr End		<u>1.0519</u>	
18	Qtrly Routine Svcs Case Mix Adjstd (CMA) Net Per Diem	Ln 16 x Ln 17		\$54.52	
19	Quarterly Medicaid CMA Allowed Per Diem	RS = Ln 18, AllOthr = Ln 16	\$101.93	\$54.52	



