Washington State Department of Social & Health Services
ADSA Aging & Disability Services Administration

Responses to questions raised by Task Force members during the Residential Rates Overview presented on September 26, 2007:

1) **How many nursing home beds are banked?**

There are currently 23,313 licensed beds in use. There are 800 beds banked in facilities that are currently operating, and there are an additional 2,566 beds banked through full facility closure. Licensed beds currently in use are the basis for calculating Medicaid occupancy percentage in nursing facilities. Most banked beds are included in the calculation of the Certificate of Need bed need ratio. However, non-licensee full facility closures (currently 229 beds) must go through a need analysis before they can be reinstated.

2) **What are the current specialized care rates in adult family homes and boarding homes?**

- Specialized care rates include PACE, Expanded Community Service-ECS, HIV/AIDS, Dementia Care, and Private Duty Nursing All-Inclusive AFH
- PACE rates range from $92.54 to $175.19 Daily
- ECS rates are $107.12 Daily
- HIV/AIDS rates range from $97.43 to $159.87 Daily
- Dementia Care rates range from $95.30 to $111.82 Daily
- Two adult family homes receive Private Duty Nursing All-Inclusive AFH rates of $536.80 Daily

3) **What is the impact of the rate setting process on administrative resources? How many staff support rate setting?**

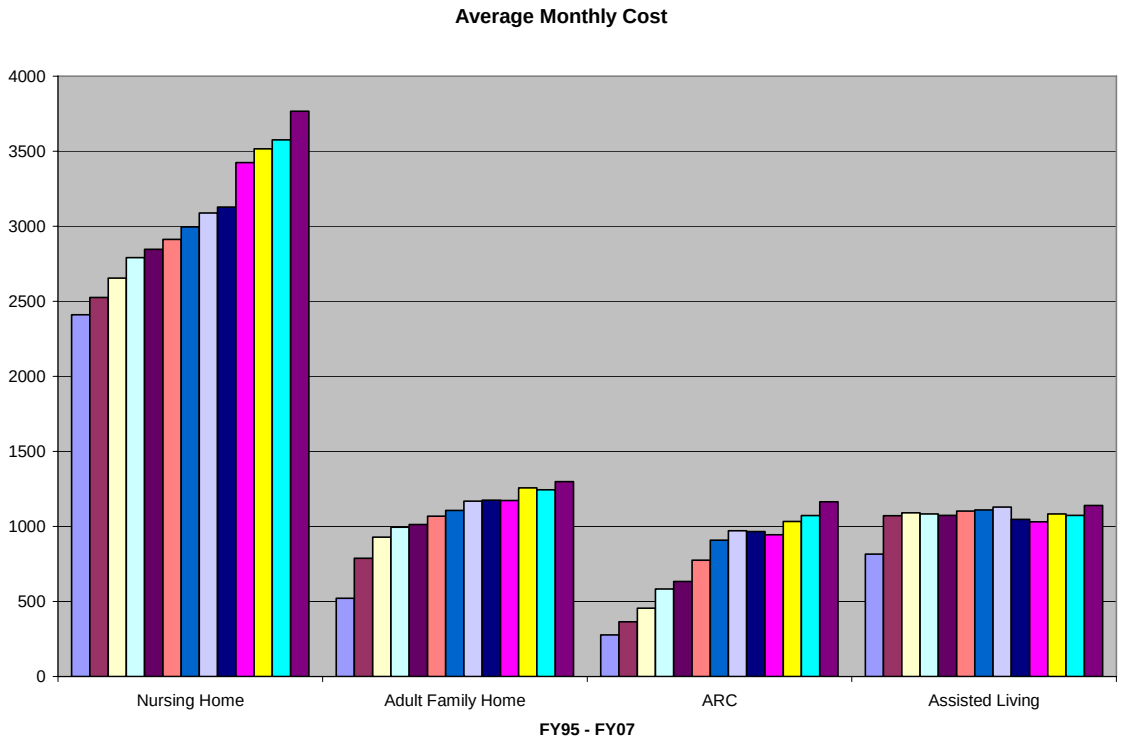
The Office of Rates Management, within the Aging and Disability Services Administration, has approximately 30 staff dedicated to establishing rates for nursing homes, home and community services, and the Division of Developmental Disabilities. This office is responsible for auditing, setting rates, settlement, appeals, and WAC and statutory amendments. Expenditures for this office in FY07 were 28.73 FTEs and $2,162,241.

4) How many assisted living facilities are currently receiving the capital add-on?

There are 38 facilities receiving the capital add-on in FY08.

Facility Name	County	Medicaid Occupancy
Chenoweth House	Benton	64%
Richland Gardens	Benton	62%
Sheffield Manor	Benton	60%
Arbor Ridge Assisted Living Partnership	Clark	79%
Park Lido Assisted Living	Clark	73%
Prestige Assisted Living at Hazel Dell	Clark	63%
Van Vista Assisted Living	Clark	83%
New Westside Terrace	Cowlitz	71%
Cornerstone Residential Care	Douglas	68%
Wenatchee Assisted Living	Douglas	69%
Beehive Retirement and Assisted Living	Grays Harbor	64%
Karr House	Grays Harbor	60%
Falcon Ridge Assisted Living	King	60%
German Retirement Home	King	70%
Legacy House	King	95%
Northaven II Assisted Living	King	62%
Park Place	King	83%
Renton Villa	King	64%
Evergreen Lodge	King	88%
Albright House	Kitsap	68%
Cypress Gardens Retirement Center	Kitsap	79%
Chehalis West Retirement Center Inc	Lewis	66%
Cooks Hill Manor	Lewis	60%
Sharon Care Center Assisted Living	Lewis	62%
Cascade Park Vista	Pierce	83%
Charlton Place	Pierce	70%
Meridian Hills Assisted Living	Pierce	79%
Bethany at Silver Crest	Snohomish	71%
Everett Plaza	Snohomish	75%
Carlyle Care Center	Spokane	77%
Cooper George Retirement Community	Spokane	63%
Magnolia Care Assisted Living	Spokane	64%
Magnolia Care Enhanced Living	Spokane	64%
Maplewood Gardens	Spokane	73%
Windriver House	Spokane	60%
Quail Hollow Assisted Living	Stevens	63%
Rosewood Villa LLC	Whatcom	76%
Riverview Manor	Yakima	73%

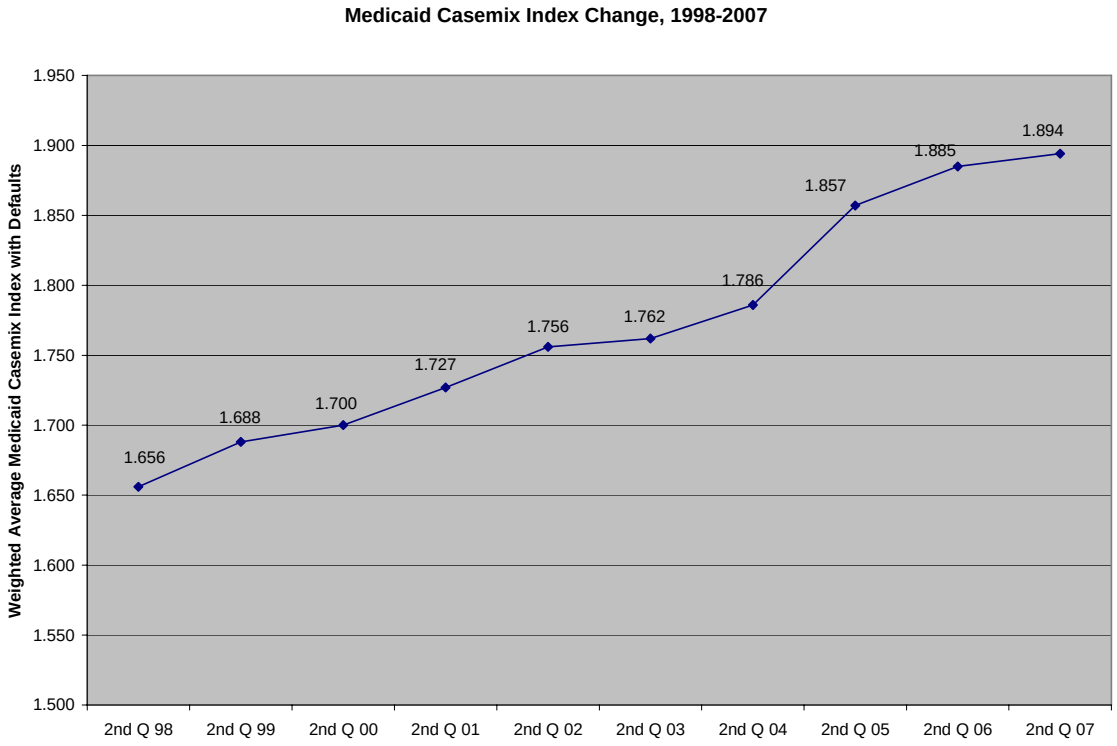
5) What is the average monthly cost (less client participation) to the state for long term care clients in nursing homes, adult family homes, boarding homes, and assisted living facilities?



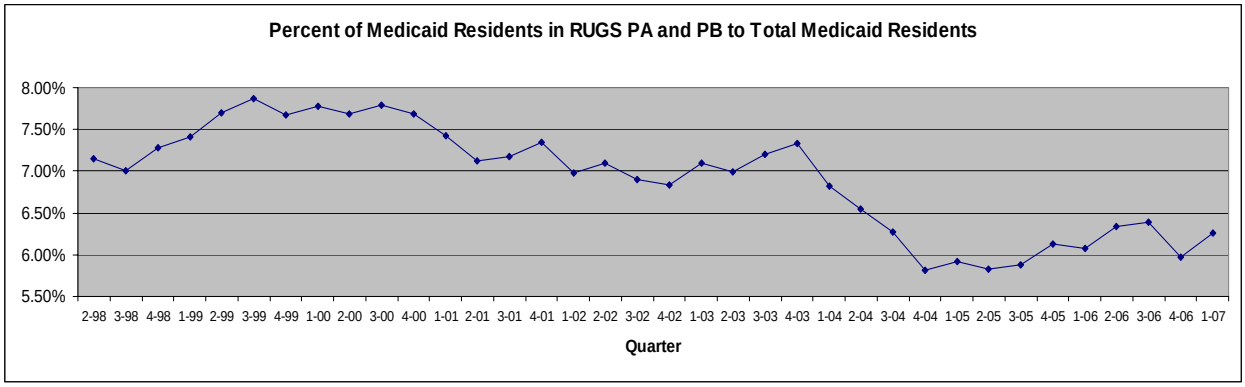
	Nursing Home	Adult Family Home	ARC (Boarding Home)	Assisted Living
FY95	**$2,412**	**$522**	**$277**	**$815**
FY96	**$2,526**	**$788**	**$365**	**$1,072**
FY97	**$2,655**	**$928**	**$455**	**$1,090**
FY98	**$2,791**	**$995**	**$584**	**$1,083**
FY99	**$2,846**	**$1,014**	**$633**	**$1,074**
FY00	**$2,913**	**$1,069**	**$775**	**$1,103**
FY01	**$2,996**	**$1,106**	**$909**	**$1,110**
FY02	**$3,089**	**$1,168**	**$972**	**$1,129**
FY03	**$3,128**	**$1,175**	**$966**	**$1,047**
FY04	**$3,424**	**$1,173**	**$945**	**$1,031**
FY05	**$3,516**	**$1,258**	**$1,034**	**$1,083**
FY06	**$3,575**	**$1,244**	**$1,073**	**$1,074**
FY07	**$3,767**	**$1,299**	**$1,164**	**$1,140**

6) How has the acuity level changed over time in each setting?

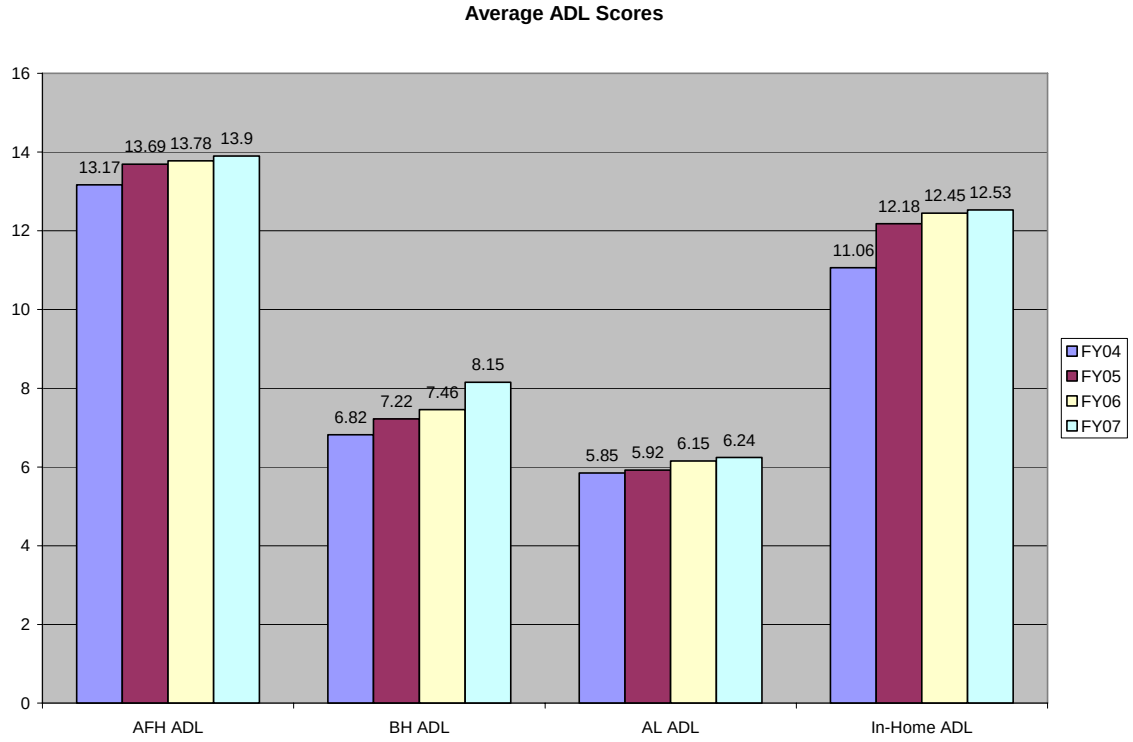
The minimum data set used for assessment purposes in nursing facilities provides data to help display change in acuity over time. The graph below shows that the average case mix index for nursing homes has steadily increased since the implementation of case mix in 1998. The case mix index is a measure of acuity.



Another way to measure changes in acuity in nursing homes is to see the decrease in the percent of Medicaid residents served in nursing homes with the lowest level of care needs, i.e., the lowest case mix scores:



Similarly, (using data from the CARE tool which was implemented in 2004 for assessing care needs of clients served in home and community settings) there has been a steady increase in the ADL scores of the clients served in each setting, showing that the clients served in these settings also exhibit a higher acuity over time:



7) **How many other states have their nursing home payment methodology in statute?**

The methodology is primarily described in statute, with details filled out in regulations, in 3 states – Connecticut, South Carolina and **Washington**. For the remaining 47 states, the methodology is primarily described in regulations, under a broad grant of authority from the Legislature.

8) What is the history of nursing home payment methodology in this state?

A Brief History of Nursing Home Payment Methodology in Washington State

Prior to 1980 – There was no statute and nursing home rates were established by the department based on legislative appropriation.

1979 - In 1979, The Senate Select Committee on Nursing Homes examined the entire nursing home program and initiated legislation (SB 3250) that is the basis for the current nursing home payment system.

1980 - The system was first enacted in statute (RCW 74.46) in 1980, and all components fully phased-in on January 1, 1985.

Cost Centers	Rebasing	Inflation	Ceilings
Six: Nursing Services Food Administration and Operations Property Financing Allowance (11%) Variable Return	Annually	CPI	Two lids in nursing services – predicted staff hours required based on debility, and limit on cost increase each year. Food – flat rate A&O lidded at 85th percentile

1987 – A temporary new cost center was added in 1987 to accommodate the wage enhancement mandated by HB 1006. This legislation created a minimum wage specific to nursing homes.

Cost Centers	Rebasing	Inflation	Ceilings
Seven: Nursing Services Food Administration and Operations Property Financing Allowance (11%) Variable Return Wage Enhancement	Annually	CPI	Two lids in nursing services – predicted staff hours required based on debility, and limit on cost increase each year. Food – flat rate A&O lidded at 85th percentile

1993 – ESSB 5724 amends statute to

- Establish rebasing every two years
- Establish two peer groups for purposes of establishing cost lids
- Establish median cost limits
- Direct the Legislative Budget Committee to study and report on the adequacy of the reimbursement system

Cost Centers	Rebasing	Inflation	Ceilings
Seven: Nursing Services Food Operational Administrative Property Financing Allowance (10%) Variable Return	Every two years (capital annually)	IPD and HCFA Index	Peer Group Median Cost Lids: 125 percent of median 125 percent of median 125 percent of median 110 percent of median Min. Occupancy = 85 percent

1995 – E2SHB 1908 limits rebasing to every three years, increases the minimum occupancy standard to 90 percent, and directs creation of a case mix payment system, with current statute to sunset June 30, 1998.

Cost Centers	Rebasing	Inflation	Ceilings
Seven: Nursing Services Food Operational Administrative Property Financing Allowance (10%) Variable Return	Every three years (capital annually)	IPD and HCFA Index	Peer Group Median Cost Lids: 125 percent of median 125 percent of median 125 percent of median 110 percent of median Min. Occupancy = 90 percent

1998 – E2SHB 2935 amends statute to:

- implement a case mix payment system for direct care
- create a ceiling and floor in direct care beginning at 115% of median and 85% of median, gradually collapsing to the median in July 1, 2004
- combine the administrative, operational, and food service component rates into two components: operations and support services
- create the therapy care component
- maintain the capital components previously scheduled to expire on July 1, 1998
- limit rebasing to every three years
- establish that any inflationary adjustments be specified in the budget act
- reduce the minimum occupancy rate to 85 percent
- establish the "budget dial"

Cost Centers	Rebasing	Inflation	Ceilings
Seven: Direct Care Therapy Care Support Services Operations Property Financing Allowance (10%) Variable Return	Every three years (capital annually)	Defined in appropriation act	Peer Group Median Cost Lids: 115% ceiling/85% floor 110 percent of median 110 percent of median 100 percent of median Min. Occupancy = 85 percent

1999 – E2SHB 1484 modifies property valuation methods for reimbursing nursing facilities. The financing allowance remains at 10 percent for existing facility assets, but is set at 8.5 percent for new assets proposed after May 17, 1999. The financing allowance is no longer applied to working capital. A "budget dial" is defined for the capital portion of the rate and the non capital portion of the rate.

2001 – SHB 2242 amends statute to:

- re-enact the property and financing allowance components
- establish the Certificate of Capital Authorization
- establish a third peer group for purposes of calculating the direct care component
- permanently establish the case mix corridor with a floor of 90 percent and a ceiling of 110 percent.
- change the minimum facility occupancy for calculating the property, financing, and operations component rates at 90 percent (remains 85 percent for direct care, therapy care, support services, and variable return)
- establish essential community providers with minimum occupancy standard of 85 percent
- a single budget dial is defined for the entire rate
- specify a number of technical changes

2003 – E2SSB 5341 establishes the quality maintenance fee (nursing facility bed tax) at a rate of $6.50 per patient day.

2005 - ESHB 2314 reduces the quality maintenance fee (nursing facility bed tax) in the 05-07, 07-09, and 09-11 biennia, and eliminates the fee after July 1, 2011.

2006 – EHB 2716 amends statute to:

- rebase direct care and operations components to calendar year 2003 cost reports
- remove minimum occupancy standard for direct care component
- modify direct care case-mix corridor by eliminating the corridor floor and increasing the corridor ceiling to 112 percent of the peer group median
- "freezing" the variable return component rate allocation at its June 30, 2006 level
- implementing a hold harmless for a new category of provider known as "vital local provider"
- specify a number of technical changes

Cost Centers	Rebasing	Inflation	Ceilings
Seven: Direct Care Therapy Support Services Operations Property Financing Allowance (10/8.5%) Variable Return (frozen at 6/30/06 level)	Not specified (capital annually)	Defined in appropriation act	Peer Group Median Cost Lids: 112 percent of median 110 percent of median 110 percent of median 100 percent of median Min. occupancy – 90 percent, no minimum for direct care

2006 – SB 6368 discontinues the quality maintenance fee (nursing facility bed tax) effective July 1, 2007

2007 – ESSB 6158 amends statute to:

- rebase non-capital cost components to calendar year 2005 cost reports
- establish automatic biennial rebasing
- implement a hold harmless provision for the 07-09 biennium

Cost Centers	Rebasing	Inflation	Ceilings
Seven: Direct Care Therapy Support Services Operations Property Financing Allowance (10/8.5%) Variable Return (frozen at 6/30/06 level)	Every two years (capital annually)	Defined in appropriation act	Peer Group Median Cost Lids: 112 percent of median 110 percent of median 110 percent of median 100 percent of median Min. occupancy – 90 percent, no standard for direct care