

UPL Supplemental Payment Program Update

LeadingAge Oklahoma

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Not a Primer on the Program, But a Progress Report

- When will the door open?
- When will it close?
- What's the environment right now?

The Big Picture

- For **Medicaid-participating** facilities that have a **government** as the **licensed operator**:
- Receive a Quarterly Supplemental Payment that increases the Medicaid Rate to the Upper Payment Limit (UPL)
 - UPL is what Medicare would pay, if the Medicaid resident had Medicare as primary payer
- With non-federal share (about 40% in Oklahoma) paid by transfer from the operating government to the OHCA
- Achieved through leasing nursing facility to a government
- Benefit to nursing facility is through a management agreement
- Overall benefit depends on MDS completion for Medicaid residents – ballpark at \$30-\$45PPD – with part going to Manager (former Operator) & part to Operator (the Government)

How the Math Works

Average Medicare Equivalent Rate @ 6/30/2016	\$ 229.40	\$ 270.00
Adjustments for coverage differences	(8.43)	(9.93)
Facility-specific Medicaid rate	(146.38)	(146.38)
Estimated supplemental payment PPD	74.59	113.69
Less: Non-Federal share - 40.06%	29.88	45.55
Net supplemental payment PPD (Federal share)	44.71	68.14
Less: Expected OHCA Participation Fee	6.50	6.50
Net benefit PPD (new money)	\$ 38.21	\$ 61.64
Medicaid days (2016 Medicaid Cost Report)	10,000	10,000
Estimated Annual Net Benefit	\$ 382,121	\$ 616,421

We've Come a Long Way, Baby

- June 2014 – introduced concepts to senior services & hospital groups
- Crickets – CON, control issues
- June 2015 – budget deficit drives us to reintroduce
 - Hired consultants to evaluate the program and the legal environment
- January 2016 – introduced to OHCA
 - Legislative issues in CON, Title 60
 - Introduced Myers & Stauffer to OHCA
 - Added Quality Measures (Care Criteria) to program, much discussion ensued
- June 2016 – another budget shortfall
 - Regulatory issues surrounding CON workflow
 - Balancing the budget via UPL...
- Today – OHCA & OSDH are cooperating with us & each other
 - Strong government support
 - Accepting applications for the program

Putting the Plan in Place – Oklahoma Health Care Authority

- State Plan Amendment (SPA) submitted on December 23 by Oklahoma Health Care Authority (OHCA)
 - CMS Regional Office has 90 days to respond: yay, nay or questions.
 - Presently have 10-15 pages of questions, which are anticipated to be asked formally and presented very near the 90 day window
 - Resets the 90-day window
- Emergency implementing regulations signed by Governor Fallin in December. Draft revised regulations published

Putting the Plan in Place – Oklahoma State Department of Health

- OSDH has asked for an exemption for UPL “Leases” from OK Attorney General

- OSDH has revised its process for reviewing applications
 - Working the application during the 20-day comment period
 - Many nursing facilities submitted applications by February 15, banking on a 45-day turnaround
 - 15 days to review application
 - 20 day comment period and recommendation by staff
 - 10 days for approval

To Participate

- Must have in place 30 days before beginning of calendar quarter
 - UPL Agreement of Participation
 - Attestation of Eligibility
 - Operating license in name of NSGO
- Which means:
 - Management agreement, (sub)lease, ops transfer agreements
 - Compensation provisions are written complexly
 - CON approved
 - Due diligence done
- And then there's still: Medicaid & Medicare contract changes, monitoring programs (oversight of Manager by Operator)

What's the End Date?

- Institutional Medicaid managed care set for April 2020
 - Rates are looking bad – couple of contenders backing out – mostly the locals
- “Repeal & Replace” released March 6 at 6:00
 - Per-Capita Caps
 - States receive fixed dollar amount for each person in the following categories in the state: aged, disabled, children, Medicaid expansion adults & other adults
 - States spend as they see fit, nursing facilities no longer a required service
 - No more FMAP, provider taxes, IGTs, etc.
 - Caps computed based on 2016 per-beneficiary spend, inflated by CPI to FY 2020
 - Effective October 1, 2019

Oklahoma Medicaid Residents by RUG Characteristics

Category	Split	ADL Score					Total	Category Notes
		0-1	2-5	6-10	11-14	15-16		
Extensive + Rehab	720 min/wk						1	
	500 min/wk							
	325 min/wk							
	150 min/wk					1		
	45 min/wk							
Special Rehab	720 min/wk		5	5		3	78	
	500 min/wk		5	2		6		
	325 min/wk		18	8		6		
	150 min/wk		8	5		3		
	45 min/wk			1		3		
Extensive Services	Based on Clinical Conditions			142			142	Trach care, ventilator/respirator, infection/isolation
Special Care-High	Depressed		9	12	17	7	467	COPD, RT 7 days (nebulizer), fever +other condition, diabetic w/daily injections, parenteral feeding
	Not Depressed		88	127	139	68		
Special Care-Low	Depressed		5	26	32	30	1,126	CP, MS, Parkinson's, 2+ stage 2 ulcers, open foot lesions, resp. failure + oxygen, dialysis
	Not Depressed		117	328	358	230		
Clinically Complex	Depressed	48	13	31	19	10	2,011	Pneumonia, burns, oxygen therapy, IV meds, surgical wounds, etc.
	Not Depressed	776	242	426	356	90		
Behavior/Cognition	Restorative 2+	19	57				2,056	
	Restorative 0-1	1,245	735					
Reduced Physical Function	Restorative 2+	44	32	81	44	17	5,495	
	Restorative 0-1	2,082	690	1,269	887	349		
							Average RUG Rate:	
							\$	235.52
		4,251	2,130	2,320	1,874	801	11,376	

Oklahoma Medicaid Residents by RUG Characteristics (% of Total)

Category	Split	ADL Score					Total	Category Notes					
		0-1	2-5	6-10	11-14	15-16							
Extensive + Rehab	720 min/wk						0%						
	500 min/wk												
	325 min/wk												
	150 min/wk				0%								
	45 min/wk												
Special Rehab	720 min/wk		0%	0%	0%		1%						
	500 min/wk		0%	0%	0%								
	325 min/wk		0%	0%	0%								
	150 min/wk		0%	0%	0%								
	45 min/wk		0%		0%								
Extensive Services	Based on Clinical Conditions		1%				1%	Trach care, ventilator/respirator, infection/isolation					
Special Care-High	Depressed		0%	0%	0%	0%	4%	COPD, RT 7 days (nebulizer), fever +other condition, diabetic w/daily injections, parenteral feeding					
	Not Depressed		1%	1%	1%	1%							
Special Care-Low	Depressed		0%	0%	0%	0%	10%	CP, MS, Parkinson's, 2+ stage 2 ulcers, open foot lesions, resp. failure + oxygen, dialysis					
	Not Depressed		1%	3%	3%	2%							
Clinically Complex	Depressed	0%	0%	0%	0%	0%	18%	Pneumonia, burns, oxygen therapy, IV meds, surgical wounds, etc.					
	Not Depressed	7%	2%	4%	3%	1%							
Behavior/Cognition	Restorative 2+	0%	1%				18%						
	Restorative 0-1	11%	6%										
Reduced Physical Function	Restorative 2+	0%	0%	1%	0%	0%	48%						
	Restorative 0-1	18%	6%	11%	8%	3%							
								Average RUG Rate:					
							37%	19%	20%	16%	7%	100%	\$ 235.52

What's the Environment?

- 85 applications received by OHCA
 - More on the way
- NSGO attorneys very cautious about protecting against large losses
- Generally seen as a necessary evil by both sides:
 - Nursing Facilities – loss of control vs. desperately needed funds
 - NSGOs – nursing facility risk vs. desperately needed funds AND opportunity to network build
- Great conversations on partnerships, understanding of our services

Questions?