

Methodology “B” for Acuity-Based Payments for Nursing Facilities

For FY 2015, per legislation passed by the General Assembly and signed by Governor Haslam, Medicaid NFs will receive two different quarterly acuity-based payments, and each payment uses a different methodology. The steps for the second acuity-based payment – we’ll call it “Method B” - are below:

Step 1: Determine the Medicaid Case Mix Index (CMI) (i.e., Medicaid residents *only*) for each facility.

This will be calculated by Meyers & Stauffer using the MDS data submitted by each facility. Myers & Stauffer will establish a Case Mix Index (CMI) score for each facility for TennCare-only residents in each quarter. The facility’s CMI scores for the most recent four consecutive quarters will be averaged to establish their CMI for the acuity payment calculation.

Step 2: Determine the total number of Medicaid Level 1 and Level 2 days for each facility. This will be taken from each facility’s cost reports. If the data are not reflective of a 12-month reporting period, the data will be annualized. The cost report that will be utilized is the most recently filed complete cost report reviewed by the Comptroller’s Office.

Step 3: Determine each facility’s weighted Medicaid days. This will be calculated by multiplying each facility’s total Medicaid days (Step 2 above) by each facility’s Medicaid CMI score (Step 1 above).

Step 4: Determine each facility’s percentage of the total Medicaid acuity-adjusted days across all facilities. This will be calculated by dividing the facility’s weighted Medicaid days (Step 3 above) by the total of all facilities’ weighted Medicaid days.

Step 5: Determine each facility’s distribution of the total recurring acuity adjustment amount. This will be calculated by multiplying each facility’s percentage of the total acuity-adjusted Medicaid days across all facilities (Step 4 above) by the total amount of the recurring acuity payment to be disbursed.

Implementation of the Proposed Approach:

The acuity payments will be made on a quarterly basis. While the cost and utilization data will only be updated once per year with new information from the cost reports, the CMI scores used to determine acuity will update every quarter, with each new cycle using the most recent rolling four quarters of CMI scores available.

All calculations will be reviewed with THCA prior to their distribution.

Payments will be made to the MCOs, who will in turn pay the facilities the full payment amount as determined pursuant to the methodology defined herein.