

Transforming
Lives

SNF Medicaid Rates - 101

High level overview of the SNF rate methodology and a preview of some recent legislative changes.



Washington State Department of Social and Health Services

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Price Based Rate Methodology

• Four Major Components to the Rate Methodology:

- Direct Care (68% of Rate)
- Indirect Care (19% of Rate)
- Capital (5% of Rate)
- Quality Enhancement (1% of Rate)

• Other Components:

- Safety Net Assessment
- Minimum Wage Add-on
- Inflation Add-on

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More Details on the Medians

Both Direct Care and Indirect Care rely on statewide medians.

- In both cases we utilize the annual cost report information for each facility

Direct Care – we divide each facility’s costs by their resident days and their facility case mix. We then take the median of all facilities, which is then used as the baseline for all facility rates. Statute calls out that rates are based on 100% or greater of this median. Each facility’s rate is set by adjusting the median by their Medicaid case mix and their geographic adjustment

- As a reminder, currently we are using 111% medians. However, starting July 1, we revert to 100% of the medians, but then add a 4.7% inflation to the medians.

Indirect Care – we divide each facility’s costs by their resident days or assumed occupancy, whichever is greater. Statute states we utilize 90% or greater of the Indirect Care median for all facilities.

- The assumed occupancy has historically been 90%. This last year that dropped to 75% and will be adjusted to 80% for the next two years.

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Legislative Highlights

- **Added a rebase for the July 1, 2023 rates.**
 - For both Direct Care and Indirect Care we will recalculate medians based on 2021 cost reports
- **Additional Inflation adjustment for medians**
 - The current flat inflation add-on of \$3.84 will continue
 - Medians will also be adjusted another 4.7% in FY24 and 5% in FY25
- **Wage Equity Funding**
 - Established add-ons to the DC and IDC components that keep FY24 amounts constant to the June 30, 2023 rates.
- **Direct Care Cap**
 - Last year they set the DC growth cap at 165%, they are bringing that down to 153% for FY24 and 142% in FY25
- **Indirect Care Occupancy Penalty**
 - Currently at 75%, but will shift to 80% for FY24 and FY25.
- **Specialty Rates**
 - EBS+ and EBS Respite shifted to an add-on to the daily rate (\$175)
 - EBS+ specialized services shifted to add-on to the daily rate (\$235)
 - SNF Vent add-on statewide flat add-on of \$192
 - SNF Trach add-on statewide flat add-on of \$123

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Expected Impacts:

	Weighted Average Rates		
	<u>Current Rates</u>	<u>July 1, 2023 Rates</u>	<u>Expected FY25</u>
Direct Care	\$226.72	\$244.03	\$268.12
Indirect Care	\$64.86	\$70.47	\$73.44
Capital	\$15.53	\$17.12	\$19.71
Quality Enhancement	\$3.86	\$3.67	\$3.67
Minimum Wage	\$0.76	\$0.76	\$0.76
Inflation	\$3.84	\$3.84	\$3.84
<i>Budget Dial</i>	\$315.39	\$342.15	\$369.54
COVID Add-on	\$5.00	\$3.33	\$0.00
SNA	\$16.51	\$16.64	\$16.64
Total Rate	\$336.90	\$359.86	386.18

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