

Explanation of FSSA Cost Build Up for the 2017/2018 Rate Period

The 2017/2018 rates are based on the audited costs for freestanding adult subacute facilities for fiscal periods ending 2015. The 2017/2018 rates were calculated and adjusted for new state and federal mandates (2017/2018 Mandates, column Z).

Facility Specific Identifying Information for the “2017.18 FSSA Cost Build Up.xls” includes:

I. Facilities (columns A through D): the National Provider Identifier (NPI) that corresponds to each Office of Statewide Health Planning and Development (OSHPD) ID, provider name, OSHPD ID and fiscal period end date from the 2015 OSHPD Report.

II. Total Audit Days (Column E)

Each facility’s audited total Freestanding Subacute (adult) days is based on each facility’s fiscal period ending 2015 OSHPD Report.

III. Cost Categories

- a. **Column F** is the Direct Care Labor Per Diem. It is the amount shown on Audit Schedule 1, line 29, which includes labor costs (both permanent and temporary staff) for Skilled Nursing Personnel, Social Services Personnel, and Activities Personnel, inflated by the labor study inflation factor, and divided by the total audit days in column E.
- b. **Column G** is the Direct Care Labor Per Diem Cap (set at the 90th percentile). Each facility’s per diem amount is compared to the Direct Care Labor Per Diem Cap.
- c. **Column H** is the Lower of Direct Care Per Diem. This represents the amount in column F unless the facility has reached the Direct Care Labor Per Diem Cap. The lesser of the facility’s cost per diem or the Direct Care Labor Per Diem Cap is shown here and used in the final rate calculation.
- d. **Column I** is the Indirect Care Labor Per Diem. It is the amount shown on Audit Schedule 1, line 30 which includes labor costs for
 - a. Plant Operations and Maintenance Personnel,
 - b. Housekeeping Personnel,
 - c. Laundry/Linen Personnel,
 - d. Dietary Personnel,
 - e. In-Service Education Personnel,

Indirect Care Labor is inflated by the labor study inflation factor, and divided by the total audit days in column E.

- e. **Column J** is the Indirect Care Labor Per Diem Cap (set at the 90th percentile). Each facility's per diem amount is compared to the peer group Indirect Care Labor Per Diem Cap.
- f. **Column K** is the Lower of Indirect Care Per Diem. This represents the amount in column I unless the facility has reached the Indirect Care Labor Per Diem Cap. The lesser of the facility's cost per diem or the Indirect Care Labor Per Diem Cap is shown here and used in the final rate calculation.
- g. **Column L** is the Non- Labor Per Diem. It is the amount shown on Audit Schedule 1, line 31 which includes non-labor costs for:
- Skilled Nursing
 - Social Services
 - Activities
 - Plant Operations and Maintenance
 - Housekeeping
 - Laundry/Linen
 - Dietary
 - In-Service Education

Non-labor is inflated by the California Consumer Price Index (CCPI) inflation factor, and divided by the total audit days in column E.

- h. **Column M** is the Non- Labor Per Diem Cap (set at the 75th percentile). Each facility's per diem amount is compared to the peer group Non- Labor Per Diem Cap.
- i. **Column N** is the Lower of Non-labor Per Diem. This represents the amount in column L unless the facility has reached the Non- Labor Per Diem Cap. The lesser of the facility's cost per diem or the Non- Labor Per Diem Cap is shown here and used in the final rate calculation.
- j. **Column O** is the Administration Per Diem. It is the amount shown on Audit Schedule 1, line 38 which includes total costs for Administration, Property Insurance, and Interest – Other. Non-labor is inflated by the CCPI inflation factor, and divided by the total audit days in column E.
- k. **Column P** is the Administration Cap (set at the 50th percentile). Each facility's per diem amount is compared to the Administration Per Diem Cap.
- l. **Column Q** is the Lower of Administration Per Diem. This represents the amount in column O unless the facility has reached the Administration Per Diem Cap. The lesser of the facility's cost per diem or the Administration Per Diem Cap is shown here and used in the final rate calculation.

- m. **Column R** is the Fair Rental Value System (FRVS) per diem and is calculated based on parameters outlined in the State Plan Amendment and reflected in the column R. For the 2017/18 rate period, facilities submitting voluntary supplemental capital schedules that were accepted by the Department were considered in the final FRVS per diem calculation.
- n. **Column S** is the Professional Liability Insurance (PLI) Per Diem. It is the amount shown on Audit Schedule 1, line 35. PLI is inflated by the CCPI inflation factor, and divided by the total audit days in column E.
- o. **Column T** is the PLI Cap (set at the 75th percentile). Each facility's per diem amount is compared to the PLI Per Diem Cap.
- p. **Column U** is the Lower of PLI Per Diem. This represents the amount in column S unless the facility has reached the PLI Per Diem Cap. The lesser of the facility's cost per diem or the PLI Per Diem Cap is shown here and used in the final rate calculation.

IV Pass-Throughs

- a. **Column V** is Property Tax Per Diem shown on Audit Schedule 1, line 33, inflated by a two percent per annum (0.16667% per month) inflation factor and divided by the total audit days in column E.
- b. **Column W** is the Caregiver Training Per Diem shown on Audit Schedule 1, line 37, which includes costs for education that is organized to train students to enter a caregiver occupational specialty, and divided by the total audit days in column E.
- c. **Column X** is License Fees Per Diem are calculated using the facility's contracted number of subacute beds shown on Audit Subacute Schedule 1, line 45, multiplied by the Department of Public Health fee per bed (\$606.17 effective 8/1/2017), and divided by the total audit days in column E.
- d. **Column Y** is the Quality Assurance Fee Per Diem. Each facility that is assessed the QA Fee in 2017/18 will be reimbursed for the Medi-Cal portion of this fee. The 2017/18 per diem fee is in column Y.
- e. **Column Z** is the total for all add-ons (\$1.39) for 2017/18 mandated costs. The add-ons are the sum of:

1. 2016-17 FUTA (ends after 17/18 unless frozen)	\$0.05
2. 2017-18 FUTA (ends after 17/18 unless frozen)	\$0.05
3. Minimum Wage (January 2017 AB 10)	\$0.15
4. Minimum Wage (January 2017 SB 3)	\$0.10
5. Minimum Wage (January 2018 SB 3)	\$0.80
6. Payroll Based Journal	\$0.13
7. Emergency Preparedness	\$0.00
8. Standards of Participation	\$0.04

f. **Column AA** is the facility specific 2017/18 ACA Employer Mandate add-on.

V. Pre-Ratcheted Rates

a. **Column AB** is the Pre-Ratcheted Non-Ventilator Dependent Rate. For New Owners it is the Non-Ventilator Statewide weighted average including the weighted average facility specific 2017/18 ACA Employer Mandate add-on. For Change of Ownership (CHOW) it is the prior owner's rate adjusted by add-ons and CCPI.

b. **Column AC** is the Ventilator Equipment Per Diem.

c. **Column AD** is the Pre-Ratcheted Ventilator Dependent Rate. For New Owners it is the Ventilator Dependent Statewide weighted average including the weighted average facility specific 2017/18 ACA Employer Mandate add-on. For CHOWs it is the prior owner's rate adjusted by add-ons and CCPI.

VI. 2017/18 Final Ratcheted Rates and Payments

a. **Column AE** is the Final 2017/18 Non-Vent Rate after ratcheting (1.0360188) to increase program growth to 3.62% percent.

b. **Column AF** is the Final 2017/18 Vent Rate after ratcheting (1.0328048) to increase program growth to 3.62% percent.