

**Department of Health Care Services  
Proposed Trailer Bill Legislation**

**Long-Term Care Facilities Rate Year Shift**

**FACT SHEET**

**Issue Title: Long-Term Care Facilities Rate Year Shift.** The Department of Health Care Services (DHCS) proposes to shift reimbursement for specified Long-Term Care (LTC) facilities from an August to July rate year basis to a calendar rate year basis, effective January 1, 2024.

**Background:**

Rates for Intermediate Care Facilities for the Developmentally Disabled (ICF-DDs), Pediatric Subacute (PSAs), Distinct Part Nursing Facilities (DP-NFs), Distinct Part Subacute (DP-SAs), and Nursing Facilities-Level A (NF-As) are currently set on an August 1 through July 31 rate year basis. Existing law carves ICF-DDs, PSAs, DP-NFs, DP-SAs, and NF-As into managed care with varying effective dates on or after January 1, 2023. Managed care rates are set on a calendar rate year.

Rates for Freestanding Skilled Nursing facilities – Level B (FS/NF-B) and Freestanding Adult Subacute (FSSA) were transitioned to a calendar rate year effective January 1, 2021.

**Justification for the Change:**

To promote consistency and reduce administrative complexity, DHCS proposes statutory changes to align the following facility's rate years with the managed care calendar rate year for the following facilities:

- ICF-DD (WIC Section 14105.075)
- NF-A (WIC Section 14105.076)
- PSA (WIC Section 14105.194)
- DP-NF (WIC Section 14169.81)
- DP-SA (WIC Section 14169.81)

**Summary of Arguments in Support:**

- Shifting LTC facilities' current rate years to a calendar rate year basis will align with the managed care plan calendar rate year and make rate-setting consistent following the California Advancing and Innovating Medi-Cal (CalAIM) transition into the managed care delivery system.