

UPDATED INFORMATION

Medi-Cal Bulletin

March 2005

Long Term Care

Supplemental Schedules Required for AB 1629 New Rate Methodology

Assembly Bill (AB) 1629 Rate-setting Requires Supplemental Schedules

AB 1629 requires that the Department of Health Services (DHS) develop Medi-Cal cost-based, facility-specific reimbursement rates for Freestanding Nursing Facilities Level-B (FS/NF-B) and subacute care units of FS/NF-Bs. The methodology mandated by AB 1629 will be effective commencing on August 1, 2005, and will be implemented commencing on the first day of the month following federal approval.

Welfare and Institutions Code (W & I Code) section 14126.023(a) identifies five cost categories for setting facility-specific rates. Cost category headings are: 1) labor; 2) indirect care non-labor; 3) administrative; 4) capital costs (using a fair rental value system); and 5) direct pass-through of proportional Medi-Cal costs for property taxes, facility license fees, new state and federal mandates, caregiver training costs, and liability insurance projected on the prior year's costs.

W & I Code section 14126.023(g) authorizes DHS to collect supplemental information to implement this rate methodology. In order to accurately distinguish facility costs for the five cost categories, supplemental schedules are required.

W & I Code section 14126.027(c) authorizes DHS to utilize Medi-Cal provider bulletins for implementation of the cost-based, facility-specific rate methodology.

Purpose of Supplemental Schedules

Certain costs are not currently identifiable on the *Office of Statewide Health Planning and Development (OSHPD) Long-Term Care Facility Integrated Disclosure and Medi-Cal Cost Report* (OSHPD Report). Until the OSHPD Report is revised to specifically identify these costs, FS/NF-Bs and subacute care units of FS/NF-Bs are required to complete separate annual supplemental schedules detailing these expenditures. The *Administration Costs Supplemental Schedule* and *Indirect Care Services Supplemental Schedule* as well as instructions for completing each supplemental schedule are available to download at www.dhs.ca.gov/mcs/mcpd/RDB/LTCSDU/default.htm. Supplemental schedules may be subject to audit or review prior to use in setting rates.

Supplemental Schedules Reporting Period

For the rate year commencing on August 1, 2005, facility-specific reimbursement rates will be based on data submitted by each FS/NF-B's OSHPD Report with a fiscal period end date in 2003. Information submitted on the supplemental schedules should be based on the identical time period as the facility's OSHPD Report with a fiscal period end date in 2003. If an FS/NF-B or a subacute care unit of an FS/NF-B submitted more than one OSHPD Report with a fiscal period end date in 2003, separate supplemental schedules must be completed for each time period.

Format for download and submission (Electronic submission to the supp1629@dhs.ca.gov E-mail is required.)

It is critical that supplemental schedules be submitted to DHS in a standardized electronic format and in a timely manner. Please download the supplemental schedules in the prescribed Excel format from DHS' AB 1629 Web site (www.dhs.ca.gov/mcs/mcpd/RDB/LTCSDU/default.htm). Submit completed versions of the electronic supplemental schedules to DHS via an E-mail address created specifically for those documents (supp1629@dhs.ca.gov). Please label the electronic file according to the posted instructions for the supplemental schedules on the Web site. If electronic download and submission is not available, please contact (916) 552-8613 for further instructions about transmitting these data.

Due Date – April 4, 2005

All supplemental schedules are due to DHS by **April 4, 2005**. The information on the supplemental schedules is required to calculate certain cost categories in each facility-specific Medi-Cal reimbursement rate for FS/NF-Bs and subacute care units of FS/NF-Bs subject to the new methodology. If an FS/NF-B does not comply with this requirement by **April 4, 2005**, DHS will not have the necessary data to calculate several pass-through components of the reimbursement rate. The lack of supplemental schedule data will limit DHS from fully identifying certain costs that AB 1629 legislation mandates to be reimbursed in cost groupings with higher reimbursement ceilings.

Facilities that do not submit the *Administration Costs Supplemental Schedule* by **April 4, 2005**, will remain at the costs shown on their fiscal period end 2003 OSHPD Report and will be subject to lower reimbursement ceilings for the administrative cost category.

Facilities that do not submit the *Indirect Care Services Supplemental Schedule* by **April 4, 2005**, will be subject to a reduction for calculating this portion of the labor cost category.

Questions regarding the supplemental schedules can be sent via E-mail to **supp1629@dhs.ca.gov** or by leaving a voice mail message at (916) 552-8613.