

Explanation of NF-B Cost Build-Up for the 2013/14 Rate Period

The 2013/14 rates are based on the audited costs for facilities fiscal periods ending in 2011, unless otherwise stated. Those rates were calculated and adjusted for new state and federal mandates (see 2013/14 Mandates, column AJ2).

Facility-specific identifying information for the “2013.14 SNF-B Cost Build-Up.xls” includes:

I. Facilities (columns A through F): Office of Statewide Planning and Development (OSHPD) ID, the National Provider Identifier (NPI), facility name, begin date, end date, and peer group indicator (ranging from 1 through 7; refer to the Peer Group report for further explanation.)

II. Direct Care Labor (columns G through J)

a. Column G: “Audited Direct Labor” is the amount shown on Audit Schedule 1, line 1, which includes labor costs (both permanent and temporary staff) for:

- Skilled Nursing Personnel
- Social Services Personnel
- Activities Personnel

b. Column H: “Inflated Direct Labor” applies the Labor Study inflation factor to costs in Column G. Direct labor costs are inflated from the mid-point of the facility’s audit report period to the rate year mid-point (2/1/2014).

c. Column I: “Direct Labor Per Diem” represents the amount in column H divided by the facility’s total skilled nursing days in column AK. Each facility’s per diem amount is compared to the peer group direct care benchmark per diem (set at the 90th percentile).

d. Column J: “Final Direct Labor Per Diem” represents the amount in column I unless the facility has reached the peer group’s direct care benchmark per diem amount. The lesser of the facility’s cost per diem or the benchmark cost per diem is shown here and used in the final rate calculation.

III. Indirect Care Labor (columns K through N)

a. Column K: “Audited Indirect Labor” is the amount shown on Audit Schedule 1, line 2, which includes labor costs for:

- Plant Operations and Maintenance Personnel
- Housekeeping Personnel
- Laundry/Linen Personnel
- Dietary Personnel

- In-Service Education Personnel
- b. Column L:** “Inflated Indirect Labor” applies the Labor Study inflation factor to costs in Column K. Indirect labor costs are inflated from the mid-point of the facility’s audit report period to the rate year mid-point (2/1/2014).
 - c. Column M:** “Indirect Labor Per Diem” represents the amount in column L divided by the facility’s total skilled nursing days in column AK. Each facility’s per diem amount is compared to the peer group indirect care benchmark per diem (set at the 90th percentile).
 - d. Column N:** “Final Indirect Labor Per Diem” represents the amount in column M unless the facility has reached the peer group’s indirect care benchmark per diem amount. The lesser of the facility’s cost per diem or the benchmark cost per diem is shown here and used in the final rate calculation.

IV. Direct and Indirect Non-Labor (columns O through R)

- a. Column O:** “Audited Direct/Indirect Non-Labor” is the amount shown on Audit Schedule 1, line 3, which includes non-labor costs for:
 - Skilled Nursing
 - Social Services
 - Activities
 - Plant Operations and Maintenance
 - Housekeeping
 - Laundry/Linen
 - Dietary
 - In-Service Education
- b. Column P:** “Inflated Direct/Indirect Non-Labor” applies the CCPI (California Consumer Price Index) inflation factor to costs in Column O. Direct/Indirect non-labor costs are inflated from the mid-point of the facility’s audit report period to the rate year mid-point (2/1/2014).
- c. Column Q:** “Direct/Indirect Non-Labor Per Diem” represents the amount in column P divided by the facility’s total skilled nursing days in column AK. Each facility’s per diem amount is compared to the peer group direct/indirect non-labor benchmark per diem (set at the 75th percentile).
- d. Column R:** “Final Direct/Indirect Non-Labor Per Diem” represents the amount in column Q unless the facility has reached the peer group’s non-labor benchmark per diem amount. The lesser of the facility’s cost per diem or the benchmark cost per diem is shown here and used in the final rate calculation.

V. Administration (columns S through V)

- a. **Column S:** “Audited Admin” is the amount shown on Audit Schedule 1, Line 10, includes total costs for:
 - Administration
 - Property Insurance
 - Interest – Other
- b. **Column T:** “Inflated Admin” applies the CCPI inflation factor to costs in column S. Administration costs are inflated from the mid-point of the facility’s audit report period to the rate year mid-point (2/1/2014).
- c. **Column U:** “Admin Per Diem” represents the amount in column T divided by days in column AK. Each facility’s per diem amount is compared to the peer group’s benchmark per diem (set at the 50th percentile). The lesser of the facility’s cost per diem or the benchmark cost per diem is used in the final rate calculation.
- d. **Column V:** “Final Admin Per Diem” is the amount in column U unless the facility has reached the peer group’s Admin benchmark per diem amount. The lesser of the facility’s cost per diem or the benchmark cost per diem is shown here and used in the final rate calculation.

VI. Professional Liability Insurance (columns W through Z)

- a. **Column W:** “Audited Liability Insurance” is the amount shown on Audit Schedule 1, line 7.
- b. **Column X:** “Inflated Liability Insurance” applies the CCPI inflation factor to costs in column W. Liability Insurance costs are inflated from the mid-point of the facility’s audit report to the rate year mid-point (2/1/2014).
- c. **Column Y:** “Liability Insurance Per Diem” represents the amount in column X divided by total days shown in column AK. Each facility’s per diem amount is compared to the peer group’s benchmark per diem (set at the 75th percentile). The lesser of the facility’s cost per diem or the benchmark cost per diem is used in the final rate calculation.
- d. **Column Z:** “Final Liability Insurance Per Diem” represents the amount in column Y unless the facility has reached the peer group’s Liability Insurance benchmark per diem amount. The lesser of the facility’s per diem or the benchmark cost per diem is shown here and used in the final rate calculation.

VII. Property Taxes (columns AA through AC)

- a. **Column AA:** “Audited Property Tax” is the amount shown on Audit Schedule 1, line 5.

- b. **Column AB:** “Inflated Property Tax” applies a two percent per annum (0.16667% per month) inflation factor to costs in column AA. Property taxes are inflated from the mid-point of the facility’s audit period to the rate year mid-point (2/1/2014).
- c. **Column AC:** “Final Property Tax Per Diem” represents the amount in column AB divided by total days in column AK. The per diem amount is paid as a pass-through.

VIII. License Fees (columns AD through AE)

- a. **Column AD:** Prospective license fees are calculated using the facility’s average licensed beds reported on the annual OSHPD report, multiplied by the Department of Public Health fee per bed (\$312.00 effective 8/1/2013).
- b. **Column AE:** The total license fee amount is divided by the facility’s total licensed days to arrive at the per diem amount. The per diem is paid as a pass-through.

IX. Caregiver Training (columns AF through AH)

- a. **Column AF:** “Audited Caregiver Training” is the amount shown on Audit Schedule 1, line 8, which includes costs for education that is organized to train students to enter a caregiver occupational specialty.
- b. **Column AG:** “Inflated Caregiver Training” applies the CCPI inflation factor to the costs in column AF from the mid-point of the facility’s audit report period to the rate year mid-point (2/1/2014).
- c. **Column AH:** Caregiver Training Per Diem represents the amount in column AG divided by column AK. The per diem is paid as a pass-through.

X. Fair Rental Value System (FRVS, column AI)

FRVS per diem is calculated based on parameters outlined in the State Plan Amendment and reflected in the column AI. For the 2013/14 rate period, facilities submitting voluntary supplemental capital schedules that were accepted by the Department were considered in the final FRVS per diem calculation.

XI. Quality Assurance Fee (QA Fee, column AJ)

Each facility that is assessed the QA Fee in 2013/14 will be reimbursed for the Medi-Cal portion of this fee. Exempt facilities will not receive additional reimbursement for this cost. The 2013/14 per diem fee is in column AJ.

XIII. 2013/14 Add-Ons (column AJ2)

- a. **Column AJ2** is the total for all add-ons (\$1.11) for 2013/14 mandated costs. The add-ons are the sum of:
1. Federal Unemployment Tax Act (FUTA, \$0.22);
 2. Informed Consent (\$0.13);
 3. Standard Admittance Agreement (\$0.02);
 4. Elder Justice Act (\$0.01);
 5. Affordable Care Act Reinsurance Fee & Patient Centered Outcomes Research Institute (\$0.04);
 6. Affordable Care Act Compliance Program (\$0.66); and,
 7. Health Insurance Portability and Accountability Act Electronic Funds Transfer & Electronic Remittance Advices (\$0.03);

XIV. Days, Pre-Ratcheted Rates, Estimated Payments (columns AK through AP):

- a. **Column AK** is the facility's audited skilled nursing days shown on Audit Schedule 1, line 12.
- b. **Column AL** is the Pre-Ratcheted 2013/14 Rate with the PLI at the 100th percentile. The pre-ratcheted amount is before both the 2 percent program growth cap mandated by Welfare & Institutions Code (W&IC) section 14126.033 (10) (A), and the PLI cap mandated by W&IC section 14126.022 (j) (1).
- c. **Column AM** is the Pre-Ratcheted 2013/14 Rate applying PLI 75th percentile cap.
- d. **Column AN** is the Skilled Nursing Medi-Cal days as shown on Audit Schedule 1, line 15.
- e. **Column AO** is the Annualized Skilled Nursing days in column AN. The days differ only for facilities with an OSHPD cost report covering more or less than twelve months.
- f. **Column AP** is the Pre-Ratcheted Total Estimated Payments with PLI at the 100th percentile. This is the estimated Medi-Cal payments before both the 2 percent program growth cap and the PLI reduction.

XV. 2012/13 Rates Adjusted for 2013/14 Mandates (columns AQ through AT):

- a. **Column AQ** is the final 2012/13 rate.
- b. **Column AR** is the QA Fee for 2012/13 rate year.
- c. **Column AR2** is the total of Add-ons for the 2012/13 rate year.
- d. **Column AS** is the final 2012/13 rate after removing both the 2012/13 QA Fee and Add-ons, and adding in the 2013/14 QA Fee and Add-ons.
- e. **Column AT** is the Total Estimated payments when the final 2012/13 rate is adjusted to include the 2013/14 mandates.

XVI. 2013/14 Rates and Payments (columns AU through BA):

- a. **Column AU** is the 2013/14 rate before limiting the program growth to 2 percent and with the PLI at the 100th percentile.
- b. **Column AV** calculates the overall program cap to be 0.9312419.
- c. **Column AW** is the Estimated Capped Payments after applying the overall program cap.
- d. **Column AX** is the Pre-Ratcheted 2013/14 Rate after applying the PLI 75th percentile cap.
- e. **Column AY** is the Final 2013/14 Rate after ratcheting (0.9312419) and limiting PLI to the 75th percentile.
- f. **Column AZ** is the Estimated Medi-Cal Capped Payments.