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# Nursing Facility Supplemental Payments

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Arizona Health Care Cost Containment System

“Reaching across Arizona to provide comprehensive quality  
health care for those in need”

# AHCCCS Regulatory Requirements

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- AHCCCS, a managed care program, is generally prohibited by Federal law from making supplemental payments to providers
- As such, mandates to make supplemental payments to providers are complicated:
  - Monies have to be paid to managed care organizations (MCOs) for the MCOs to make the supplemental payments
  - MCO payments are part of the capitation rates
  - Capitation rates are set at a fixed rate for a one year period



# AHCCCS Regulatory Requirements, cont.

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- CMS must pre-approve capitation payments to MCOs
  - Requires a minimum of 30 days to review and approve rates
  - No flexibility afforded AHCCCS to decrease or increase approved MCO payments (such changes would require CMS approval at each adjustment)
- AHCCCS has submitted a proposal to CMS regarding a methodology for ALTCS EPD MCO payments for NF supplemental payments
- AHCCCS will submit a payment rate, actuarial certification, and MCO contract amendments to CMS by February 1, 2013



# Nursing Facility Assessment Fund

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- ❑ AHCCCS is mandated to use revenues generated by the assessment, and matched by federal funds, for supplemental payments
- ❑ State General Fund money cannot be used; AHCCCS funds cannot be used
- ❑ Thus NF supplemental payments cannot exceed amount of funding available in NF Assessment Fund
- ❑ For this reason, AHCCCS is unable to make payments until the quarterly NF Assessment Fund balance is known



# Fee-For-Service Supplemental Payments

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- ❑ AHCCCS is permitted to make supplemental payments to providers for the FFS program
- ❑ About 8% of Medicaid bed days are attributable to FFS members
- ❑ Approximately 8% of funds available will be paid directly from AHCCCS as supplemental payments to facilities with FFS utilization
- ❑ Payments made when quarterly fund balance known
- ❑ No annual reconciliation needed



# Payments to MCOs

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- Because quarterly payments to MCOs must be prior-approved by CMS, AHCCCS must *estimate* the MCO payments for each year
- Because AHCCCS cannot make payments exceeding the quarterly fund balance, that estimate must be conservative
- Thus AHCCCS will establish the MCO payments at 80% of the expected annual fund balance (based on annual assessment projection)



# Payments to MCOs, cont.

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- After the completion of the year, when the annual fund balance is known, AHCCCS will determine:
  - How much each NF provider should have received in supplemental payments
  - How much each NF provider was paid, and
  - How much each NF provider is still owed (if appropriate)
- AHCCCS will make reconciliation payments to MCOs and delineate the additional supplemental payments for each NF provider in the same manner utilized for the quarterly supplemental payments



# MCO Supplemental Payments (Pending CMS Approval)

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- AHCCCS will provide MCOs with a quarterly schedule delineating the nursing facility (NF) supplemental payments that must be made to each facility
  - AHCCCS will provide each NF with a quarterly schedule detailing total payments and the payments by individual payers
- AHCCCS will require that MCOs make NF payments within 15 days from receipt of funds
- MCOs must submit proof of payment to AHCCCS within 30 days of receipt of funds





# Proven Success

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- AHCCCS will work with Association to monitor concerns, if any
- This same process has successfully been in place for approximately 6 years with the Acute Care MCOs for rural hospital supplemental payments
  - MCOs experienced with requirement
- NF providers may contact AHCCCS if a payment is not received by the required deadline
  - Calls from rural hospitals are rare



# Implementation Timeline Challenges

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- February 2013
  - AHCCCS submits MCO payment to CMS – February 1
  - NF first quarter assessment due to ADOR – late February
- March 2013
  - Monies deposited into NF Assessment Fund ~ March 15
  - Payments made to ALTCS/EPD Contractors ~ by March 20
  - FFS Payments made ~ by March 20
- April 2013
  - Contractors distribute payments to Nursing Facilities ~ by April 4
  - Second quarter assessment due to ADOR – late April





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# Questions?

