Nursing Facility Supplemental Payments

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AHCCCS Regulatory Requirements

- 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.
AHCCCCS Regulatory Requirements, cont.

- 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

- 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

- 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

- 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.

- 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)

- 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

- 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

- **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
Questions?