

28 the department based on the average of the Medicaid patient's RUGS scores for that facility.

29 (c) "Facility case-mix rate" means the rate the department issues to a nursing care
30 facility for a specific period of time based on the case-mix index for the facility, a labor wage
31 index established by the department, and other case-mix related costs established by the
32 department.

33 (d) "Nursing care facility" means a Medicaid participating nursing facility, skilled
34 nursing facility, or combination thereof, as defined in 42 U.S.C. 1396r (a)(1988), 42 C.F.R.
35 440.150 and 442.12 (1993).

36 (e) "Occupancy level" means the nursing care facility's monthly occupied patient days
37 divided by the total number of licensed beds averaged over a 12-month period.

38 (f) "Property payment" means a reimbursement rate per day, as determined by the
39 department, based on a level which is the same for all nursing care facilities to address property
40 costs.

41 (g) "Property payment add-on" means a reimbursement rate per day which is an
42 individual nursing care facility rate in addition to the property payment ranging from \$0 to a
43 capped upper limit, as determined by the department, based on total allowable property costs
44 from the calendar year 2001 Medicaid cost reports.

45 (h) "RUGS" means the 34 RUG identification system based on the Resource
46 Utilization Group System established by Medicare to measure and ultimately pay for the labor,
47 fixed costs, and other resources necessary to provide care to Medicaid patients in nursing care
48 facilities.

49 (i) "Stop-loss" means a hold harmless rate of reimbursement which is established when
50 a nursing care facility's overall payment rate is more than \$5 less than the facility's December
51 31, 2002, Medicaid payment rate.

52 (j) "Swing bed" means a hospital bed utilized by a rural hospital as either an acute care
53 bed or a posthospital skilled nursing facility level of care bed.

54 (2) (a) The RUGS method of reimbursement adopted by the department on January 1,
55 2003 shall be modified by July 1, 2003 to implement the requirements of this section.

56 (b) The reimbursement for swing beds may be based on RUGS and the requirements of
57 this section.

58 (c) The reimbursement rates and methodology required by this section shall be

59 established by administrative rule.

60 (3) (a) The methodology of reimbursement required by Subsection (2) shall include the
61 following:

62 (i) a case-mix index;

63 (ii) a facility case-mix rate; and

64 (iii) a daily rate add-on for behaviorally complex care residents.

65 (b) The methodology of reimbursement required by Subsection (2) may include the
66 following:

67 (i) a flat rate administrative component which is the same for all facilities;

68 (ii) a property payment which is the same for all facilities;

69 (iii) a property payment add-on in accordance with Subsection (4);

70 (iv) an incentive to recognize facilities for high levels of quality of care; and

71 (v) under criteria established by the department, additional payments for a facility:

72 (A) in an underserved area; or

73 (B) with underserved needs which are not reasonably compensated under RUGS.

74 (4) A property payment add-on under Subsection (3)(b)(iii) shall be phased out by

75 reducing the payment by 25% of the January 1, 2003 payment amount for each of the

76 succeeding two calendar years, with the property payment add-on eliminated effective January

77 1, 2006. The total amount of funds reduced each year from the property payment add-on shall

78 be shifted to other components of the reimbursement rate and distributed to nursing care

79 facilities.

80 (5) (a) A nursing care facility shall receive the greater of:

81 (i) the Medicaid RUGS payment; or

82 (ii) the stop-loss payment rate, which shall be in effect for 18 months.

83 (b) The stop-loss reimbursement under this Subsection (5) shall be eliminated July 1,

84 2004.

85 (6) This section does not apply to intermediate care facilities for the mentally retarded
86 or to intensive skilled Medicaid patients.

Legislative Review Note
as of 2-10-03 4:53 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel