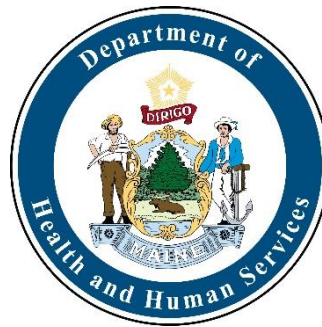


Nursing Facility Rate Reform Update

Cabinet on Aging

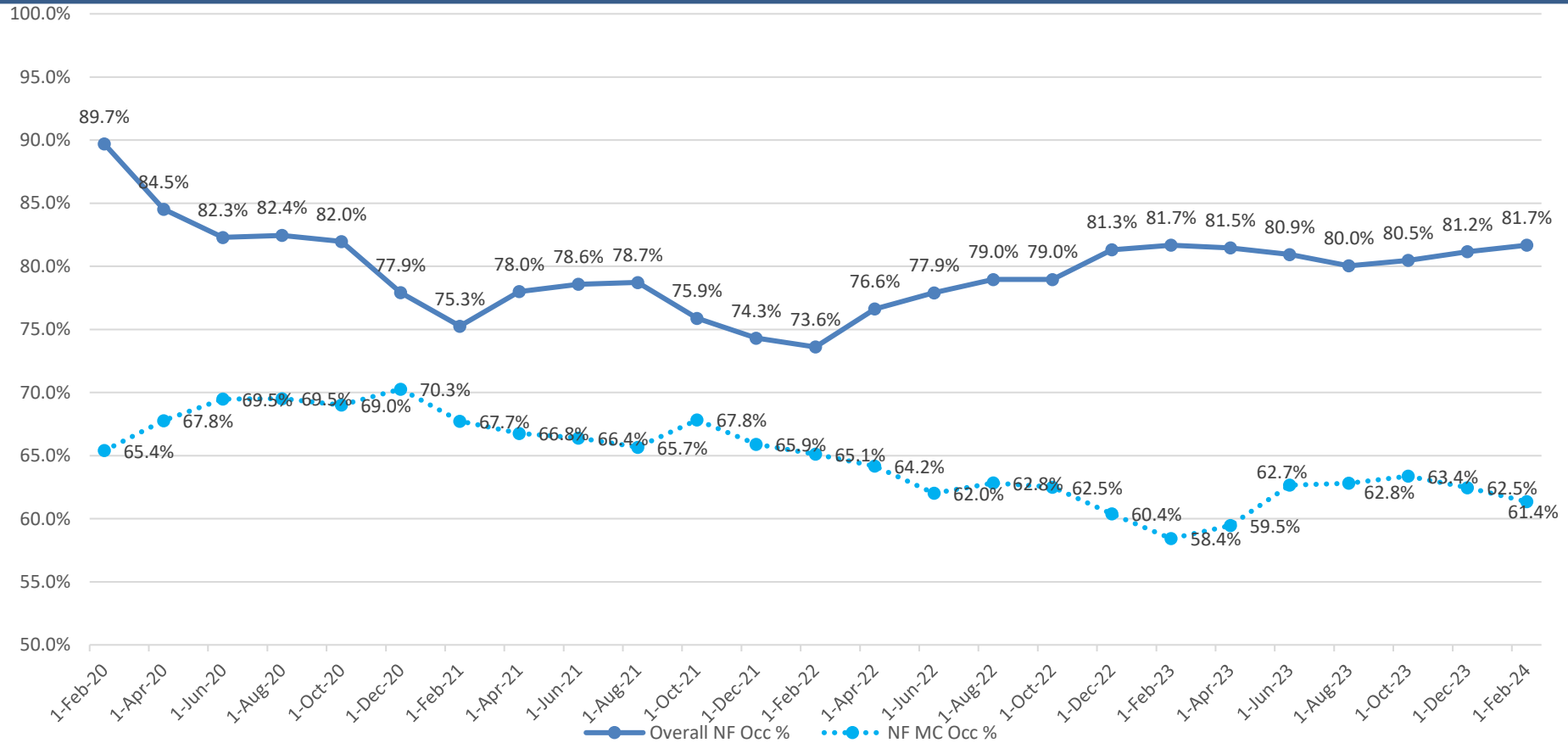
May 28, 2024



Challenges with Current NF Reimbursement Approach

- Continued closures/conversions and low occupancy relative to pre-pandemic
- Facility payment is not tied to quality outcomes
- Cost settlement system with biennial rebasing provides limited incentive for cost control, with reimbursement driven by individual facility costs rather than a more objective determination of reasonable costs
 - Facility costs show little if any relationship to characteristics like size, geography, etc.
 - Cost settlement is administratively burdensome for providers and DHHS
 - Cost caps are effective at controlling costs, but have not proven to incentivize efficiency
- Reimbursement not predictable for providers or DHHS, which increases exposure and uncertainty
- CMS support for current case mix system ending

Occupancy Has Improved Since the Depths of the Pandemic But Has Not Fully Recovered



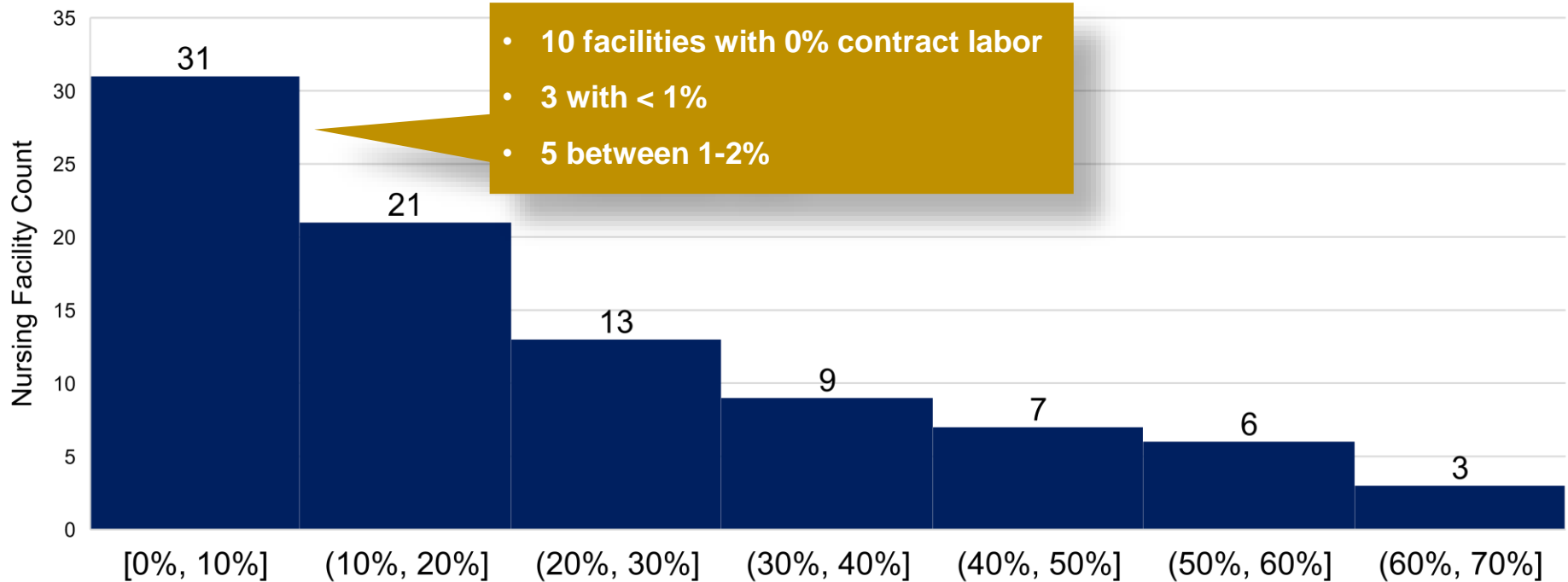
- MaineCare occupancy moves in the opposite direction of overall occupancy

Use of Contract Staff in Maine NFs

- Use of contract staff in Maine nursing homes has been high since the pandemic, creating cost and quality challenges
- In 2022 cost reports, contract labor accounted for 23% of direct care hours (RN, LPN, CNA) at a cost of \$126 million
- Hospital-based or affiliated NFs are higher than average, with 33% contract staff
- NFs range from 0-70% contract staff hours

NF Direct Contract Labor Hours: the Highest Number of NFs have between 0-10% Contract Labor

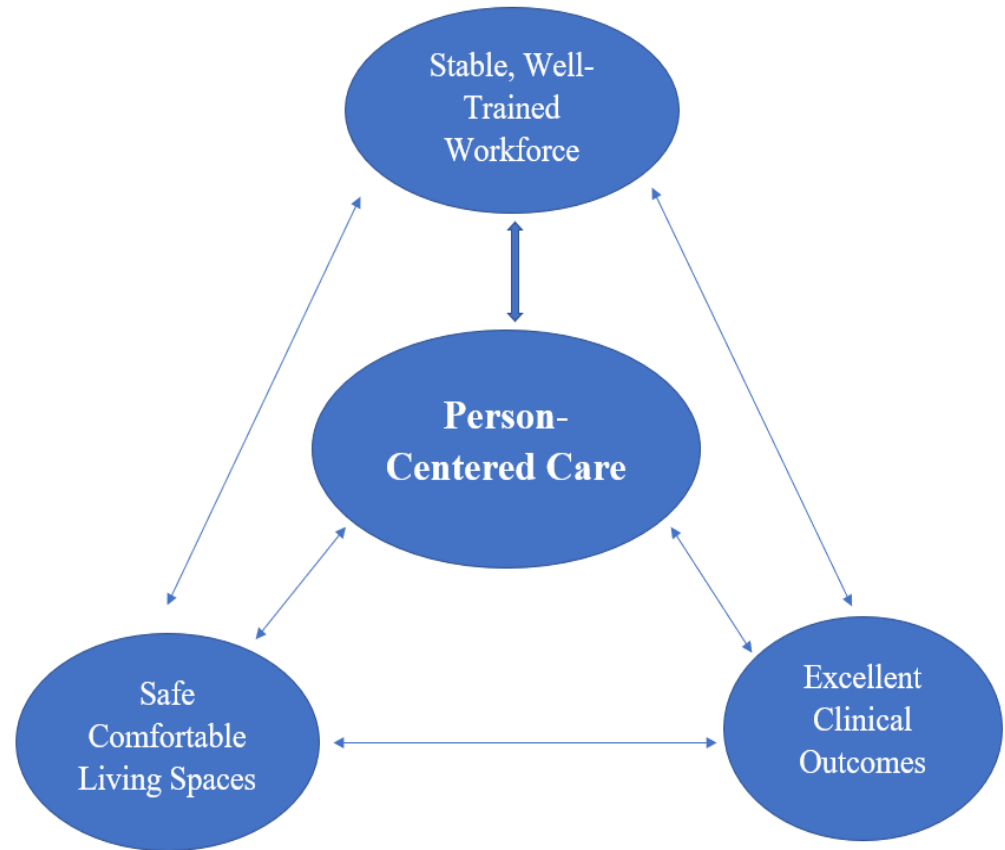
2022 Percent of Direct Contract Hours of Total Direct Care Hours



Note on categories: Facilities with 10.00% contract labor hours would be included in the 0-10% bucket.

Quality Priorities - Themes Emerging from the Innovation and Quality Council

- A Stable, Well-Trained Well-Supported Workforce
- Person-Centered Care
- Excellence in Clinical Care
- Safe, Comfortable Living Spaces



Base Rate Structure Summary

Area	Approach
Rewarding Quality	<ul style="list-style-type: none"> • Value Based Payment (VBP) • Staffing levels well above minimum state and federal requirements
Direct Care	<ul style="list-style-type: none"> • Price based on over 4.48 hours per day (HPD) per resident for average acuity (Case Mix Index of 1) and wages above 75th percentile • Incentive to increase employed staff and decrease contracted temp staff • Reward staffing level/stability in VBP • No cost settlement
Indirect Costs	<ul style="list-style-type: none"> • Price based on 75th percentile • No cost settlement
Capital Costs	<ul style="list-style-type: none"> • No change: <ul style="list-style-type: none"> ✓ Cost settled ✓ No cap; reasonableness standard
Specialty Care Costs	<ul style="list-style-type: none"> • Price for bariatric and ventilator care • Continue cost-based for brain injury, med psych in CY 25 ; implement price in CY 26
Transition	<ul style="list-style-type: none"> • Reform-aligned supplemental payment in first half of SFY 2025 • Guardrails for 3 years to protect providers and MaineCare

Hours Per Resident Day (HPRD) of Direct Care: Current Maine Rate Reform v. CMS Final Rule

Credential	ME NF Rate Reform Model Assumptions	CMS Final Rule
RN	1.0	0.55
CNA	2.64	2.45
LPN	0.39	0.48
Contract	0.45	
Total	4.48	3.48
24/7 RN	Not Required	Required

- Maine NFs provide more HPRD than the new federal requirement, but the 24/7 RN requirement will be a challenge for many.

Rate Reform Provisions Addressing Contract Staffing

Current	Reform Proposal
<ul style="list-style-type: none">• Contract Labor is reimbursed to the extent that it fits under direct care caps• Wide range of practice (from none to majority of staff)	<ul style="list-style-type: none">• Contract Labor assumption of 10% of hours in the direct care rate• Strong incentive for those above 10% to reduce; those below 10% are rewarded for high levels of permanent staff
<ul style="list-style-type: none">• Rates are not tied to Quality	<ul style="list-style-type: none">• Value Based Payment that includes permanent staffing levels and/or retention as a measure.
<ul style="list-style-type: none">• No year-over-year direct care rate protection for either NFs or MaineCare	<ul style="list-style-type: none">• Include +/-10% direct care rate guardrails for 3 years. This would ease the transition for NFs with high contract labor costs

Multi-State Collaborative

- Maine's challenges with nursing homes are not unique, with several states working on reform.
- Maine has been selected to participate with 8 other states in the State Nursing Home Policy Academy, convened by the National Academy for State Health Policy with support from the West Foundation.
- The Academy will facilitate state-to-state policy exchange and assistance from national experts.

Timeline for NF Reform

Milestone	Date
Propose New Rates	February 2024 (completed)
Respond to Public Comments	June 2024
Update Model with 2023 Cost Reports	June 2024
Finalize Rates	Summer 2024
COLA	Effective July 2024
Supplemental Payment	Late Summer/Fall 2024
CMS Approval	Fall 2024
Rule Adoption	December 2024
New Rates Go Live	January 1, 2025