CHANGE NOTICE FOR MANUAL NO. 04-05, CASE MIX

DATE: JUNE 17, 2004

Manual: **Aged, Blind, and Disabled Medicaid**

Change No: **04-05**

To: **County Directors of Social Services**

Effective: **July 1, 2004**

I. BACKGROUND

Effective May 1, 2004, the rates for long term care facilities changed to a case mix payment system following the Medicare payment system model. Case mix is a payment system where the facility payment rate is based on the medical needs of all the patients rather than the current system of facility costs. Nursing facility providers were informed of this change in the June 2004 Medicaid Provider Bulletin.

This payment system for the facility depends upon the individual medical needs of the current patients, Medicare, Medicaid or private, within the facility during the previous quarter. The patient's assessment is put through a "grouper" to categorize each patient. The category sets the case mix index for that patient. All patients' case mix indexes are calculated to determine the facility's case mix index. The facility's reimbursement rate is established from this case mix index. The nursing facility's reimbursement rate will change quarterly.

The "case mix" change is a result of a review of how Medicaid reimburses for long term care needs. It is anticipated that this change will encourage quality improvement and provide an incentive for more accurate medical needs accounting.

Long term intermediate and skilled levels of care have been replaced with one skilled level of care classified as "nursing facility resident". This change includes nursing facility Hospice care levels. The living arrangement code 50, skilled, will be used. Living arrangement code 58, Intermediate Care Facility (ICF), will not be used. The FL2 will be completed at the initial application. Minimum Medicaid reimbursement rates will change yearly.

The admission criteria do not change and no changes occur in the prior approval system. There is also no change in the patient monthly liability computation process. The reimbursement systems for CAP programs, ICF-MR facilities, ventilator, and swing beds do not change.

II. CONTENT OF CHANGE

A. MA-2270, Long Term Care Need and Budgeting, is changed to:

1. Delete reference to intermediate nursing care and skilled level of care,

2. Update reference to HCFA, now Centers for Medicare and Medicaid Services (CMS), in MA-2270 X.B., Decertified LTC Facility,

3. Delete a statement in MA-2270 VIII.C., Physician Charges, concerning a physician accepting Medicare cannot refuse to accept Medicaid,

4. Update the DMA Hearing Unit address, and

5. Change Table A – LTC Rates to reflect the new level and rates, including new rates for Hospital Inappropriate level of care, Hospice care in a nursing facility, and skilled LTC.

B. MA-2280, Community Alternatives Programs (CAP), is changed to delete reference to intermediate care level in the institutional care for CAP definition.

III. EFFECTIVE DATE AND IMPLEMENTATION

The change is effective July 1, 2004. Apply the new rates to all applications taken on or after and for redeterminations started on or after July 1, 2004. If during redetermination the patient who had been eligible based on the minimum Medicaid reimbursement rate has an income higher than the new minimum rate, follow the budgeting steps in Step I in MA-2270, Long Term Care Need and Budgeting, to determine ongoing eligibility.

We looked at a number of cases in EIS and it appears no one should be ineligible. Use living code arrangement 50 for new applications. Change living code arrangement 58 to living code arrangement 50 at redetermination.

IV. MAINTENANCE OF MANUAL

A. MA-2270, Long Term Care Need and Budgeting

Remove: Pages 1- 6, 9 - 10, 19 - 20, 23 – 34, 43 – 44, & TABLES i & TABLES ii.

Insert: Pages 1- 6, 9 - 10, 19 - 20, 23 – 34, 43 – 44 & TABLES i & TABLES ii, which is effective July 1, 2004.

B. MA-2280, Community Alternatives Program

Remove: Pages 1 – 2 & 17 - 18.

Insert: Pages 1- 2 & 17 – 18, which is effective July 1, 2004.

If you have any questions, please contact your Medicaid Program Representative.

Gary H. Fuquay
Director

(This material was researched and written by Susan Ryan, Medicaid Policy Consultant, Medicaid Eligibility Unit.)