

SENATE BILL No. 381

DIGEST OF INTRODUCED BILL

Citations Affected: None (noncode).

Synopsis: Case mix reimbursement system. Requires the office of Medicaid policy and planning to adopt rules to implement a case mix reimbursement system for reimbursing costs to nursing facilities. Requires reimbursement rates to be calculated based on a formula relating to the weighted median costs for all nursing facilities' allowable costs of each of the following components: (1) 114% for direct care. (2) 100% for indirect care. (3) 100% for administrative costs. (4) 78% of capital costs. Provides a formula to calculate incentive payments to nursing facility providers. Requires the office of the secretary of family and social services to adopt rules, including emergency rules, to implement the new reimbursement system and the
(Continued next page)

Effective: July 1, 1997 (retroactive); Upon passage; January 1, 1998 (retroactive).

Meeks

January 9, 1998, read first time and referred to Committee on Health and Environmental Affairs.

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Digest Continued

incentive payments. Requires the office of Medicaid policy and planning to submit a state plan amendment to the federal Health Care Financing Administration to implement the new reimbursement system and the incentive payments. Requires the office of the secretary of family and social services to recalculate, publish, and pay Medicaid reimbursement rates to nursing facilities based on the new system.

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Introduced

Second Regular Session 110th General Assembly (1998)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

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SENATE BILL No. 381

A BILL FOR AN ACT concerning human services.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. [EFFECTIVE UPON PASSAGE] (a) **The definitions**
2 **in 405 IAC 1-14.2 as in effect on July 1, 1997, apply throughout this**
3 **SECTION.**
- 4 (b) **Not later than April 1, 1999, the office of the secretary of**
5 **family and social services shall adopt rules under IC 4-22-2 to**
6 **implement the reimbursement system required by IC 12-15-14-2.**
7 **The rules adopted must be the same as those provided by 405 IAC**
8 **1-14.2 in effect on July 1, 1997, with the following changes in**
9 **limitations to Medicaid reimbursement rates:**
- 10 (1) **One hundred fourteen percent (114%) of the weighted**
11 **median for direct care costs.**
- 12 (2) **One hundred percent (100%) of the weighted median for**
13 **indirect care costs.**
- 14 (3) **One hundred percent (100%) of the weighted median for**
15 **administrative costs.**



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(4) Seventy-eight percent (78%) of the weighted median for capital costs.

(c) This SECTION expires January 1, 2000.

SECTION 2. [EFFECTIVE UPON PASSAGE] (a) The definitions in 405 IAC 1-14.2 as in effect on July 1, 1997, apply throughout this SECTION.

(b) Not later than April 1, 1999, the office of the secretary of family and social services shall adopt rules under IC 4-22-2 to provide incentive payments to each nursing facility provider.

(c) An incentive payment under this SECTION is in addition to a reimbursement payment made to a provider as calculated under rules adopted by the secretary under SECTION 1 of this act.

(d) The rules adopted under subsection (b) must provide for an incentive payment that is the sum determined under STEP FIVE of the following formula:

STEP ONE: Determine fifty percent (50%) of the remainder of:

(A) the product of:

(i) one hundred fourteen percent (114%) of the weighted median for direct care costs; multiplied by

(ii) the Medicaid case mix index for a provider; minus

(B) the provider's per patient day costs.

The amount determined under this STEP may not exceed ten percent (10%) of the amount under clause (A)(i). If the final amount is a negative number, it is not used in determining the provider's incentive payment.

STEP TWO: Determine fifty percent (50%) of the remainder of:

(A) the weighted median for indirect care costs; minus

(B) the provider's per patient day costs.

The amount may not exceed ten percent (10%) of the amount under clause (A). If the final amount is a negative number, it is not used in determining the provider's incentive payment.

STEP THREE: Determine fifty percent (50%) of the remainder of:

(A) the weighted median for administrative costs; minus

(B) the provider's per patient day costs.

The amount may not exceed ten percent (10%) of the amount under clause (A). If the final amount is a negative number, it is not used in determining the provider's incentive payment.

STEP FOUR: Determine fifty percent (50%) of the remainder of:

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1 (A) seventy-eight percent (78%) of the weighted median
2 for capital costs; minus

3 (B) the provider's per patient day costs.

4 The amount may not exceed ten percent (10%) of the amount
5 under clause (A). If the final amount is a negative number, it
6 is not used in determining the provider's incentive payment.

7 STEP FIVE: Add the amounts determined under STEP ONE
8 through STEP FOUR.

9 (e) This SECTION expires January 1, 2000.

10 SECTION 3. [EFFECTIVE UPON PASSAGE] 405 IAC 1-14.1 and
11 405 IAC 1-14.2 are void. The publisher of the Indiana
12 Administrative Code and Indiana Register shall remove these rules
13 from the Indiana Administrative Code.

14 SECTION 4. [EFFECTIVE JULY 1, 1997 (RETROACTIVE)] (a)
15 The office of the secretary of family and social services shall not
16 adopt rules under IC 4-22-2 to determine Medicaid reimbursement
17 rates for nursing facilities except as authorized by SECTIONS 1
18 and 2 of this act.

19 (b) This SECTION expires January 1, 2000.

20 SECTION 5. [EFFECTIVE UPON PASSAGE] (a) Before May 1,
21 1998, the office of the secretary of family and social services shall
22 adopt emergency rules in the same manner that emergency rules
23 are adopted under IC 4-22-2-37.1 to implement SECTIONS 1 and
24 2 of this act.

25 (b) An emergency rule adopted under this SECTION expires on
26 the earlier of the following:

27 (1) The date that rules are adopted under subsection (c).

28 (2) April 1, 1999.

29 (c) Before April 1, 1999, the office of the secretary of family and
30 social services shall adopt rules under IC 4-22-2 that:

31 (1) are required to implement SECTIONS 1 and 2 of this act;
32 and

33 (2) notwithstanding IC 4-22-2-36, are effective on the later of
34 the following:

35 (A) January 1, 1999.

36 (B) The earliest date permitted by federal statute or
37 regulation.

38 (d) This SECTION expires January 1, 2000.

39 SECTION 6. [EFFECTIVE UPON PASSAGE] (a) The office of
40 Medicaid policy and planning shall submit a state plan amendment
41 to the federal Health Care Financing Administration to implement
42 SECTIONS 1 and 2 of this act. However, approval of the state plan

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1 amendment by the federal Health Care Financing Administration
2 is not required for the office to pay the modified reimbursement
3 rates required by SECTION 1 of this act, and the incentive
4 payments required by SECTION 2 of this act.
5 (b) This SECTION expires January 1, 2000.
6 SECTION 7. [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]
7 (a) The office of the secretary of family and social services shall
8 recalculate, publish, and pay Medicaid reimbursement rates as
9 modified by SECTION 1 of this act.
10 (b) The office of Medicaid policy and planning shall recalculate
11 and pay the incentive payment established by SECTION 2 of this
12 act.
13 (c) This SECTION expires January 1, 2000.
14 SECTION 8. A rule adopted under this act may not be repealed
15 without statutory authority for the repeal.
16 SECTION 9. An emergency is declared for this act.

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