

HOUSE BILL No. 1294

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

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January 13, 1998, read first time and referred to Committee on Ways and Means.

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Digest Continued

system and the 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 Medicaid policy and planning 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.

HOUSE BILL No. 1294

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**
8 **IAC 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.**

16 (4) **Seventy-eight percent (78%) of the weighted median for**



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1 capital costs.

2 (c) This SECTION expires January 1, 2000.

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

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

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

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

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

17 (A) the product of:

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

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

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

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

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

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

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

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

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

36 (A) the weighted median for administrative costs; minus

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

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

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

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1 of:

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

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

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

9 STEP FIVE: Add the amounts determined under STEP ONE
10 through STEP FOUR.

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

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

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

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

22 SECTION 5. [EFFECTIVE UPON PASSAGE] (a) Before May 1,
23 1998, the office of the secretary of family and social services shall
24 adopt emergency rules in the same manner that emergency rules
25 are adopted under IC 4-22-2-37.1 to implement SECTIONS 1 and
26 2 of this act.

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

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

30 (2) April 1, 1999.

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

33 (1) are required to implement SECTIONS 1 and 2 of this act;
34 and

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

37 (A) January 1, 1999.

38 (B) The earliest date permitted by federal statute or
39 regulation.

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

41 SECTION 6. [EFFECTIVE UPON PASSAGE] (a) The office of
42 Medicaid policy and planning shall submit a state plan amendment

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1 to the federal Health Care Financing Administration to implement
2 SECTIONS 1 and 2 of this act. However, approval of the state plan
3 amendment by the federal Health Care Financing Administration
4 is not required for the office to pay the modified reimbursement
5 rates required by SECTION 1 of this act and the incentive
6 payments required by SECTION 2 of this act.

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

8 SECTION 7. [EFFECTIVE JANUARY 1, 1998 (RETROACTIVE)]

9 (a) The office of Medicaid policy and planning shall recalculate,
10 publish, and pay Medicaid reimbursement rates as modified by
11 SECTION 1 of this act.

12 (b) The office of Medicaid policy and planning shall calculate
13 and pay the incentive payment established by SECTION 2 of this
14 act.

15 (c) This SECTION expires January 1, 2000.

16 SECTION 8. [[EFFECTIVE UPON PASSAGE] A rule adopted
17 under this act may not be repealed without statutory authority for
18 the repeal.

19 SECTION 9. An emergency is declared for this act.

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