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OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES

**Notice of Proposed Changes in Methods and Standards  
of Medicaid Reimbursement Methodology for Nursing Facilities**

In accordance with public notice requirements established at 42 CFR 447.205 and Section 1902(a)(13)(A) of the Social Security Act, the Indiana Family and Social Services Administration, Office of Medicaid Policy and Planning (OMPP) publishes this notice of proposed changes to the reimbursement methodology for nursing facilities and applicable definitions within [405 IAC 1-14.6](#).

OMPP proposes to add definitions of "allowed profit add-on payment" and "tentative profit add-on payment" and amend other definitions, and to change certain rate applicability dates, minimum occupancy rates, case mix index, the reimbursement to facilities that have more than eight ventilator-dependent residents, reimbursement for facilities that meet certain quality of care measures, special care unit reimbursement, and identify providers that are eligible for such special care unit reimbursement. Additionally, OMPP proposes to change certain add-on applicability dates, allowable per day cost elements, the calculation of the administrative component, to create allowed direct care component profit add-on in children's nursing facilities, define new allowed direct and indirect care component profit add-on calculations, and a new allowed capital component profit add-on, to change the end and effective dates of certain allowable compensation methodologies, and to change the end dates of the collection of the quality assessment fee and the closure and conversion fund. The changes to nursing facility reimbursement as a result of this proposed rule amendment are designed to provide stronger incentives to providers for improving the overall quality of care as measured by ISDH surveys, and to care for high needs residents. The primary policy benefit of this rule amendment is expected to be an improvement in quality of care provided to residents of Indiana Medicaid certified nursing facilities. In addition, consistent with FSSA/OMPP's long-standing goal to promote policies that encourage home and community based services as an alternative to institutionally-based services, this rule amendment will provide higher reimbursement for higher needs residents in nursing facilities, and lower reimbursement for residents whose needs can be adequately provided in less restrictive and less costly community based settings. It is estimated that the fiscal impact of these changes will result in an annual savings to Medicaid, estimated to be approximately \$10.1 million in the first year of implementation (\$7.4 million federal share, \$2.7 million state share).

The proposed changes and proposed rates are available on the Internet at:

<http://in.mslc.com>

Interested parties without Internet access should contact Myers and Stauffer, LLC at (800) 877-6927 to obtain copies of the proposed changes and proposed rates. Notices will also be posted in local county DFR offices.

Anyone who wishes to comment on the proposed changes may submit written comments to: IFFSA, Attention: Scott Linneweber, 402 West Washington, Room W451, Indianapolis, Indiana 46204. Correspondence should be identified in the following manner: "COMMENT RE: LSA DOCUMENT #09-215 PROPOSED REIMBURSEMENT METHODOLOGY RULE AMENDMENT".

Anne Waltermann Murphy  
Secretary  
Office of the Secretary of Family and Social Services

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