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2011

**DÉJÀ VU
all over again!**

Retrenchment 2011

- Unemployment stagnant
- State Budget \$10.5 billion shortfall
- Healthcare costs outpacing overall economic growth
- State initiatives tied to political goals
- Access to capital severely limited

Retrenchment 2011

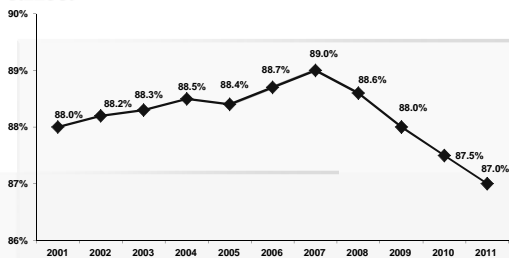
- New Rate Setting System
- First time that case mix is significant in Medicaid rates
- Largest number of State retirees in a decade
- First system-wide reduction in rates in three years
- No significant tort reform

Retrenchment 2011

- **Quality**
 - Five Star suspended
 - Accountable Care Organizations (what are they?)
 - Bundling payments across providers (hospitals, NFs, rehab, etc.)



Median Nursing Facility Occupancy Rate for Certified Beds



Note: Results reflect data for patients who occupy certified beds. Observations with occupancy less than 0% and greater than 100% were eliminated from this analysis.
Source: Computed by AHCA Research staff using CMS Nursing Facility standard health survey data (CMS Forms 671-1, 16, 137-139 and 672-F78). Various years, March
American Health Care Association - Research Department

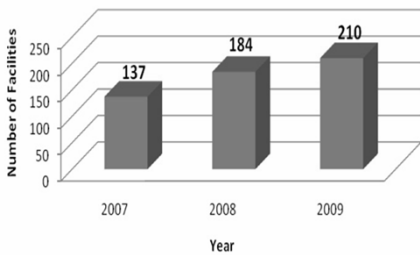
Retrenchment 2011

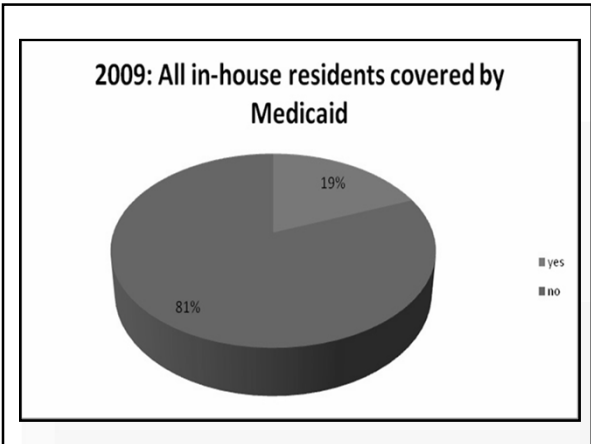
**Trends in
Assisted Living**

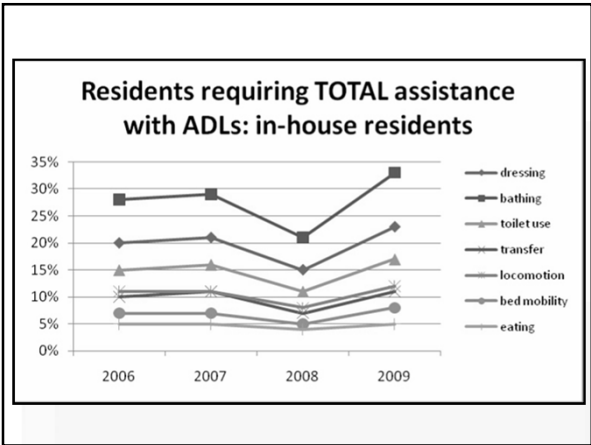
Retrenchment 2011

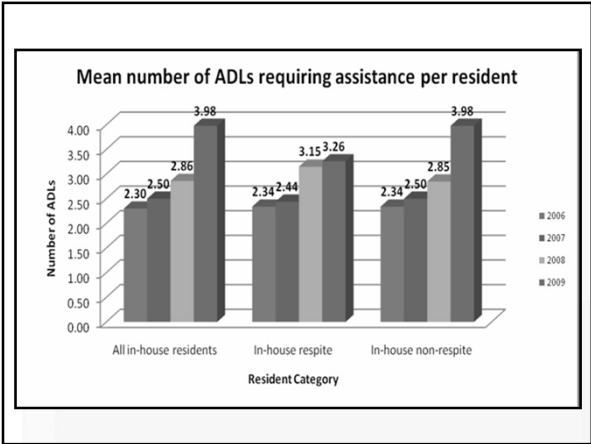
- Tri-association state data project produced new stats for 2009 residents
- 2009 data collected through web-enabled instrument
- Only detailed resident profile of AL residents in nation

Number of facilities participating in survey









Retrenchment 2011

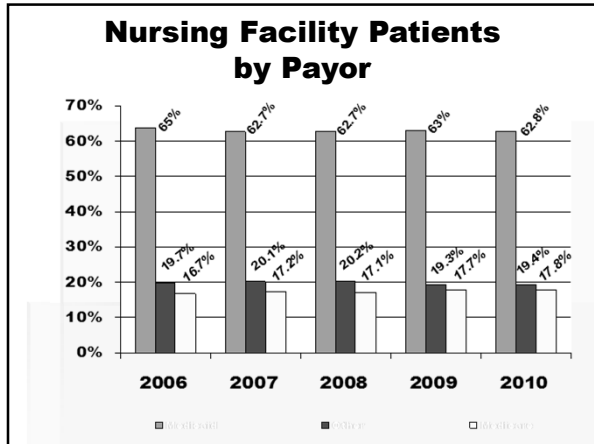
- **Funding status Assisted Living**
 - Flat rate continues for 2012 (\$70/AL & \$60/CPCH)
 - Exhaustive cost study underway in preparation for 2013 rate year
 - Member participation essential
 - 230 licensed buildings – sample size of 75 or higher preferred for accuracy

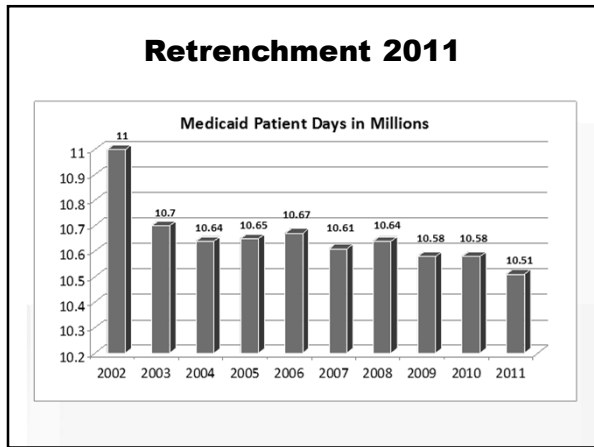
Retrenchment 2011

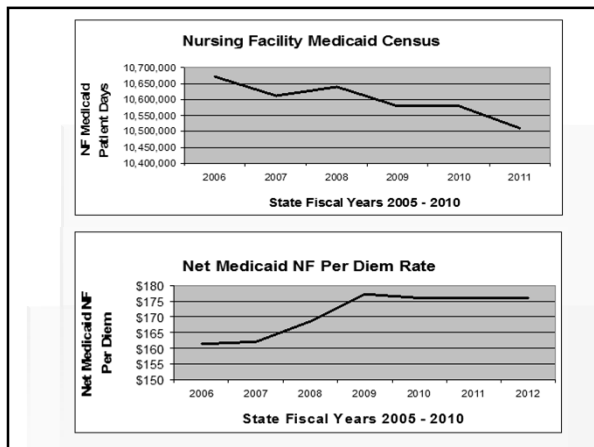
**Nursing Facilities
2012**

Retrenchment 2011

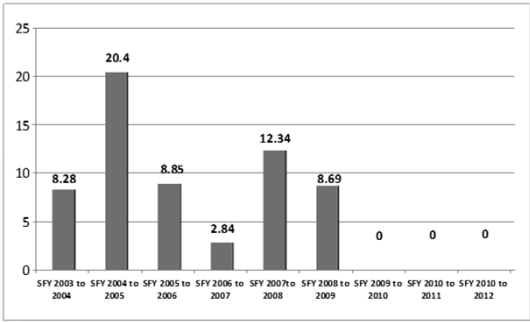
- Nursing home data still being collected for cost reports (new cost reporting form)
- Cost reports used solely for informational purposes (last audited 2006)
- No rebasing since 2008 rate year
- Rates cut by 3% for SFY 2012 (July 1, 2011 - June 30, 2012)
 - No rebasing, no inflation



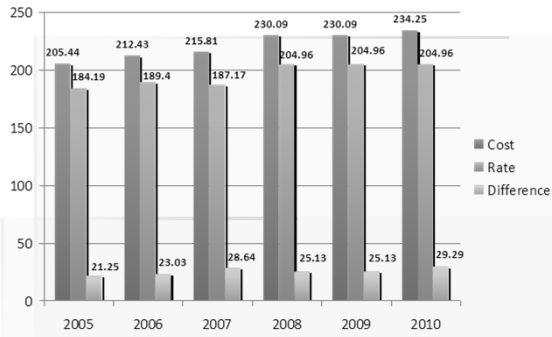




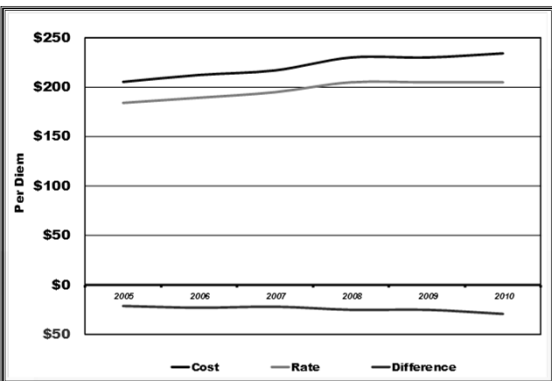
New Jersey Medicaid Nursing Facility Rate Increases

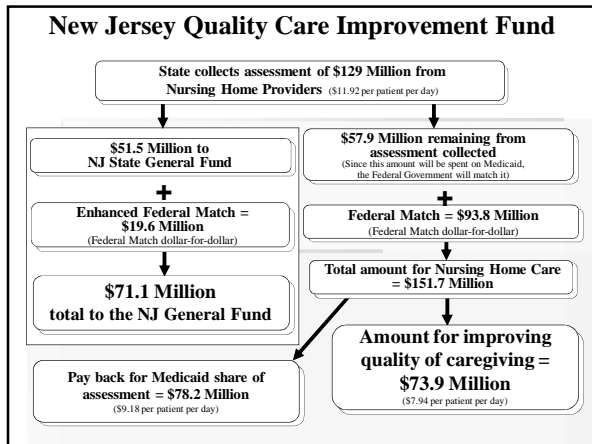


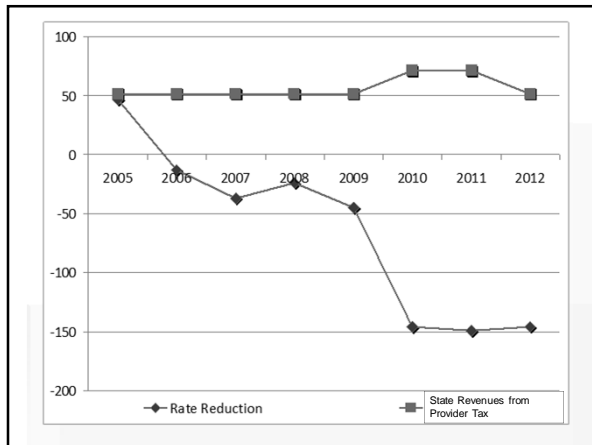
Cost rate analysis 2005 - 2010



Cost Rate Analysis 2005 - 2010







Retrenchment 2011

<ul style="list-style-type: none"> ▪ SFY 2012 rate loss by category 	
▪ 3% Rate Reduction	\$50 M
▪ No Rebasing; No inflation	\$66 M
▪ Elimination of Bedhold Payments	\$15 M
▪ SCNF Administrative Cost Reduction	\$ 9 M
TOTAL	\$140 M

History of Nursing Facility Medicaid Rate Losses¹

	Cuts to NF Rates ²	Provider Tax to State
SFY 2012 Proposed		
NF rate reduction	\$50 M	
No Inflation Adjustment; No Rebasing ³	\$66 M	
Elimination of Bed-Hold Reimbursement	\$15 M	
Specialized Care Facility Admin. Cost Reduction	<u>\$ 9 M</u>	
	\$140 M	\$ 51.5 M

¹ FY 2012 Budget Proposal. All other years official New Jersey budget documents, Department projections
² State and Federal shares combined
³ Calculated at 4.5%

History of Nursing Facility Medicaid Rate Losses¹

	Cuts to NF Rates ²	Provider Tax to State
SFY 2011		
Flat Rate (No Inflation Adjustment; No Rebasing)	\$113 M	
Non-December Facility Inflation Reduction	\$ 5 M	
Elimination of Enhanced Federal Match for the Provider Tax ⁴	\$ 20 M	
Reduction in Therapeutic Leave Payment	\$ 1 M	
Bedhold Payment – Requirement of 90% Occupancy	\$ 8 M	
Bedhold Payment – Reduction to 50% of NF Rate	<u>\$ 13 M</u>	
	\$160 M	\$ 71.1 M

¹ FY 2012 Budget Proposal. All other years official New Jersey budget documents, Department projections
² State and Federal shares combined
⁴ Facilities received enhanced federal match for Provider Tax add-on for nine months of SFY 2009

History of Nursing Facility Medicaid Rate Losses¹

	Cuts to NF Rates ²	Provider Tax to State
SFY 2010		
Flat Rate (No Inflation Adjustment; No Rebasing)	\$100 M	
Non-December Facility Inflation Reduction	\$ 5 M	
Elimination of Enhanced Federal Match for the Provider Tax ⁴	\$ 20 M	
Reduction in Therapeutic Leave Payment	\$ 1 M	
Bedhold Payment – Requirement of 90% Occupancy	\$ 8 M	
Bedhold Payment – Reduction to 50% of NF Rate	<u>\$ 13 M</u>	
	\$147 M	\$ 71.1 M

¹ FY 2012 Budget Proposal. All other years official New Jersey budget documents, Department projections
² State and Federal shares combined
⁴ Facilities received enhanced federal match for Provider Tax add-on for nine months of SFY 2009

History of Nursing Facility Medicaid Rate Losses¹

	Cuts to NF Rates ²	Provider Tax to State
SFY 2009³		
Elimination of Rebasing – Inflation Based on Medicaid Occupancy	\$24 M	
Bedhold Payment – Requirement of 90% Occupancy	\$ 8 M	
Bedhold Payment – Reduction to 50% of NF Rate	<u>\$13 M</u>	
	\$45 M	\$ 51.5 M

¹ FY 2012 Budget Proposal. All other years official New Jersey budget documents, Department projections
² State and Federal shares combined
³ Calculated at 4.5%

History of Nursing Facility Medicaid Rate Losses¹

	Cuts to NF Rates ²	Provider Tax to State
SFY 2008		
Bedhold Payment – Requirement of 90% Occupancy	\$ 8 M	
Bedhold Payment – Reduction to 50% of NF Rate	<u>\$16 M</u>	
	\$24 M	\$ 51.5 M

¹ FY 2012 Budget Proposal. All other years official New Jersey budget documents, Department projections
² State and Federal shares combined

History of Nursing Facility Medicaid Rate Losses¹

	Cuts to NF Rates ²	Provider Tax to State
SFY 2007		
Reduction of Inflation Factor – Based on Medicaid Occupancy	\$24 M	
Bedhold Payment – Reduction to 50% of NF Rate	<u>\$13 M</u>	
	\$37 M	\$ 51.5 M

¹ FY 2012 Budget Proposal. All other years official New Jersey budget documents, Department projections
² State and Federal shares combined

History of Nursing Facility Medicaid Rate Losses¹

	Cuts to NF Rates ²	Provider Tax to State
SFY 2006		
Bedhold Payment – Reduction to 50% of NF Rate	\$13 M	\$ 51.5 M

¹ FY 2012 Budget Proposal. All other years official New Jersey budget documents, Department projections
² State and Federal shares combined

History of Nursing Facility Medicaid Rate Losses¹

	Cuts to NF Rates ²	Provider Tax to State
SFY 2005		
(Proposed Cuts Reversed – Adoption of Provider Tax)	(\$46.7 M) ³	\$ 51.5 M

¹ FY 2012 Budget Proposal. All other years official New Jersey budget documents, Department projections
² State and Federal shares combined
³ Proposed funding cut restored

History of Nursing Facility Medicaid Rate Losses¹

	Cuts to NF Rates ²	Provider Tax to State
TOTAL CUTS	\$ 566 M	\$ 451.2 M

¹ FY 2012 Budget Proposal. All other years official New Jersey budget documents, Department projections
² State and Federal shares combined

Retrenchment 2011

- **Factors negatively affecting SFY 2012 Medicaid NF Rates:**
 - NJ SFY 2012 Budget eliminates the inflation factor and rebasing (rate freeze) for NFs
 - 50% bedhold payment for all NFs eliminated but bedhold requirement remains
 - SCNF administration amended to use regular NF screen for administration

Retrenchment 2011

- **Discrete funds that will be rolled into the overall “global budget” which will be used to fund nursing facility payments**
 - High Medicaid Occupancy
 - Payments to nursing facilities –Medicaid
 - Provider Tax “quality add-on”
 - If you don’t spend it you don’t get it

Retrenchment 2011

- **New rate system effective July 1, 2010**
 - **Four rate components**
 - Direct health care
 - Operating and Admin
 - Property/Capital
 - Provider Tax

Components of direct health care cost center

- **Lower of actual cost or cost limit for all Direct Health Care**
 - Case Mix Adjustment is made for Direct Health Care costs – includes fringed nursing salaries and contracted nursing fees, including:
 - Direct health care
 - Operating and Admin
 - Property/Capital
 - Provider Tax

Retrenchment 2011

- **Why we must move to the new system**
 - Changes to federal provider tax regulations provide impetus to move to new rate setting program
 - Flat quality payment to all facilities can not be sustained over the long run

Outstanding Regulations

- **Universal Transfer Form**
 - The Department of Health and Senior Services has proposed new rules at N.J.A.C. 8:43E-13, which would require all healthcare facilities licensed pursuant to the Health Care Facilities Planning Act to complete and send a copy of the Universal Transfer Form (UTF) along with a patient, when a patient is transferred to another licensed healthcare facility or program.
 - Comment period closed September 17, 2010. Scheduled for adoption.

Outstanding Regulations

▪ Safe Patient Handling

- The Safe Patient Handling Act (the Act), approved on January 3, 2008. The Act requires licensed nursing homes, general hospitals, special hospitals, as well as county and private psychiatric hospitals to minimize unassisted patient handling by utilizing assistive patient handling technology. The rule proposal provides for the establishment of safe patient handling committees as well as establishment of a safe patient handling program in each covered health care facility to reduce the risk of injury to both patients and health care workers.
- The comment period closed March 4, 2011.

Outstanding Regulations

▪ Violence Prevention in Health Care Facilities

- DHSS published proposed new rules N.J.A.C. 8:43E-11 and proposed amendments at N.J.A.C. 8:43E-3.4 to implement the Violence Prevention in Health Care Facilities Act (the Act), P.L. 2007, c. 236, which was approved on January 3, 2008. The Act requires licensed nursing homes, general hospitals, special hospitals, as well as county and private psychiatric hospitals to establish violence prevention programs in order to protect health care workers from violence. The proposed new rules would require each covered healthcare facility to establish a violence prevention program, committee and plan.
- The written comment period closed March 4, 2011.

Retrenchment 2011

▪ Look of Medicaid Managed Long Term Care in New Jersey: 2009 – 2014

- Phase in to state-wide application
- Begins with pilot programs in limited geographic area
- Limited to Home and Community Based Services (HCBS) at first
- Likely would contain “any willing provider” requirement
- Latest information is that any movement to managed LTC for Medicaid is stalled.

Legislative Issues

Legislation Impacting All Health Care Facilities

Legislative Issues

- **Bill A1700**
 - "New Jersey Fair Debt Collection Practices Act."
 - **Position: Monitor** – Note: Initial bill applied to creditors and debt collectors collecting debt on behalf of a creditor. Amendments aligned the bill more closely with the federal "Fair Debt Collection Practices Act" and specified that creditors are not subject to provisions of the bill prohibiting certain practices in the collection of unpaid debts – only debt collectors.
- **Bill A3244**
 - Requires health care providers to observe certain practices concerning collection of outstanding balances on patient accounts.
 - **Position: Oppose** – Note: Why single out health care providers? Facilities already have difficulty collecting debt owed.
- **Bill A2386**
 - Requires health care facilities to continuously monitor status of health care practitioner credentials.
 - **Position: Oppose** – Note: Requires twice monthly monitoring of license, certification or other authorization to practice required and auditable records demonstrating continuing monitoring.

Legislative Issues

- **Bill A2745**
 - Expands wrongful death act to allow recovery for mental anguish, emotional pain and suffering, loss of society and loss of companionship.
 - **Position: Oppose**
- **Bill S89**
 - Requires licensed health care professionals and facilities to bill Medicare beneficiaries within 90 days of date insurance payment is finalized.
 - 12/08/2010 – Signed by the Governor P.L.2010, c.95.
 - **Position: Monitor** – Note: Bill was amended favorably per HCANJ request. Initial version required facilities to bill Medicare beneficiaries within six months of providing health care service.
- **Bill S246**
 - Prohibits health care institutions from discharging medications into sewer or septic systems.
 - **Position: Monitor** – Note: Requires facilities to submit alternate disposal plan to DHSS. Bill was amended to require DEP to develop alternate disposal recommendations, which would deem plans that comply acceptable to DHSS.

Legislative Issues

- **Bill S803**
 - Requires newly licensed registered professional nurse to attain baccalaureate degree in nursing within 10 years of initial licensure.
 - Position: Oppose
- **Bill: S1412**
 - Requires certain employers to plan and implement traffic reduction programs for employees.
 - Position: Oppose
- **Bill S1635**
 - Requires training and registration for in-house security officers.
 - Position: Oppose – Note: Seek LTC facility exemption. Can apply to employees who control visitor access to facilities or unit access. Bill was considered but held by sponsor in light of concerns raised.

Legislative Issues

- **Bill S1813**
 - Reduces employer unemployment taxes during fiscal year 2011.
 - 07/01/2010—Signed by the Governor P.L.2010, c.37.
 - Position: Support – Note: Reduced potential \$700 average employer UI contribution increase to about \$400. Issue is back since full increase will be triggered for July 1, 2011.
- **Bill S2730**
 - Modifies employer UI tax rates.
 - Position: Support – Note: Reduces employer UI contribution increase triggered July 1, 2011
- **Bill S2543**
 - Requires certain health care facilities and operators of certain transient dwellings to maintain agreements for bedbug eradication services.
 - Position: Oppose

Legislative Issues

Legislation Impacting Nursing Facilities

Legislative Issues

- **Bill A387**
 - Increases specialized care nursing facility beds for persons with Huntington's Disease.
 - Position: Oppose – Note: Seek amendment requiring the Department of Health and Senior Services to prove an unmet need before approving new services.
- **Bill A3516**
 - Requires nursing homes to provide training to staff in behavioral health issues.
 - Comments: Determine intended length of training from sponsor.
- **Bill A3791**
 - Provides for nursing reimbursement adjustment for cost of energy improvements.
 - Position: Support

Legislative Issues

- **Bill A3808**
 - Requires certain health care facilities to adopt certain infection control strategies.
 - Position: Oppose – Note: Seek exemption for NFs or change to panel that develops protocols that better target NFs versus hospitals. Bill requires identification of colonized or infected patients through screening of every patient upon admission and isolation of identified patients.

Legislative Issues

Legislation Impacting Assisted Living Facilities

Legislative Issues

- **Bill A1639**
 - Requires notification of certain fee increases by assisted living residences within certain time frames.
 - Position: Oppose – Note: Increases notification time frame to 45 days, 90 days if increase exceeds 10 percent.
- **Bill A2604**
 - Requires assisted living residences to have standby emergency power generators.
 - Position: Seek Amendments – Notes : Seek amendments to extend requirement to have generator in place from 90 days after enactment to six months; to allow ALs to contract with a firm to make generator available if needed. Estimated cost to an average 100 bed AL is approximately \$250,000.
- **Bill S1113**
 - Requires all assisted living facilities set aside at least 10% of beds for Medicaid-eligible persons and accept at least 5% Medicaid direct admission.
 - Position: Oppose (Strongly)

Legislative Issues

- **Bill A3405**
 - Requires assisted living residence or comprehensive personal care home that surrenders its license and promised not to discharge Medicaid residents to escrow funds to pay for care in alternate facility.
 - 01/28/2011 – Signed by the Governor P.L.2011, c.16.
 - Position: Support
- **Bill A3865**
 - Requires assisted living residences and comprehensive personal care homes to ensure connection of emergency cords in residential units to facility staff.
 - Position: Oppose – Note: Emergency cords are dated technology

Retrenchment 2011

- **HCANJ major initiative for 2011 continues to be to change the design of the Medicaid eligibility application process and to centralize and standardize the determination process.**
 - The goal of the initiative is twofold
 - Centralize and automate the Medicaid determination process
 - Provide on-line application capability including the ability to track progress of the application.

2011 HCANJ SERVICES

▪ **New Services**

▪ **New Wound Care Specialist Certification program funded by CMP funds**

- \$1,000 stipend to qualified persons for completion of 4-day course of instruction and evidence of passing certification test
- Two courses already completed with graduates and stipends awarded

2011 HCANJ SERVICES

▪ **New Services** (cont.)

▪ **Mock Survey Consulting**

- Conducted by experienced former supervisory level state surveyors
- Focused on key indicators
- Yields written report of findings
- 10 surveys conducted since 8/2009

2011 HCANJ MEMBER SERVICE

▪ **Special Program available to HCANJ members only**

▪ **Save up to 31% on Professional Liability and General Liability Insurance Premiums!**

- Members can now save between 10% and 31% on their PL and GL premiums thanks to a new insurance solution endorsed by HCANJ and developed by an AM Best Rated "A" insurance carrier.
 - Only available through two insurance brokers

Members-only Professional Liability and General Liability Insurance Program

- **Benefits include:**
 - **A new way to assess risk**
 - Instead of using subjective reporting tools, program leverages incidence-based reporting to determine true propensity for risk.
 - **Ongoing analysis of patient data**
 - Can help pinpoint financial and clinical risk exposures before they happen, allowing preventative action

Members-only Professional Liability and General Liability Insurance Program

- **Benefits include:** *(continued)*
 - **Potential to increase revenue**
 - By reducing one of the Case Mix reimbursement components – operating expenses – helps to drive increased Medicaid reimbursement
 - **Discounted pricing on PointRight’s analytics services**
 - Tools enable members to maximize reimbursement and risk management and generate up to 6% of the program’s available insurance discounts

Members-only Professional Liability and General Liability Insurance Program

- **Benefits include:** *(continued)*
 - **Dividend feature designed to return premiums**
 - Once premium target goals are met, dividends could be issued based on claims experience
 - **Higher limits for administrators at no extra cost**
 - *Individual* protection beyond the coverage provided under the facility limits.
 - **Increased coverage limits on:**
 - evacuation reimbursement, public relations coverage & resident loss of property coverage
 - AT NO EXTRA COST

The HCANJ Executive Dashboard puts at your fingertips all the links a long term care facility administrator could need throughout the day.

When breaking news happens, a flashing link will appear here.

In addition, a daily news feed keeps you up to date on the latest healthcare news.



