CA

51511.5 Nursing Facility Services - Subacute Care Reimbursement

(a)

(1) For the 2003-04, 2004-05, and 2005-06 rate years, the prospective rate of reimbursement, which shall be the all-inclusive per diem rates of reimbursement for subacute services as defined in Section 51335.5(a), shall be the lesser of the facility's costs as projected by the Department or the rate based on the class median rates continued from the prior year, as set forth below: Type of LicensureType of PatientClass Median- Based Rate Per Rate Year 2004-052005-062006-07 Hospital-basedVentilator dependent$580.07$614.11$704.88 FreestandingVentilator dependent$409.72 Hospital-basedNon-ventilator dependent$553.15$584.97$674.05 FreestandingNon-ventilator dependent$381.45 For freestanding adult subacute facilities only, payment for service includes the Quality Assurance Fee pursuant to Health and Safety Code Section 1324.21. (2) (A) For each effective rate year, a facility that experienced a reduction in projected facility costs, which would result in a reduced subacute reimbursement rate for the effective rate year pursuant to subsection (a)(1), shall have its subacute prospective reimbursement rate for the effective rate year set at its prior year's rate. (B) Subacute facilities that do not have historical costs shall receive an interim reimbursement rate. This interim rate shall be based on the subacute facility's projection of their total patient days and

costs, as approved by the Department. When actual subacute audit report data becomes available, interim rates shall be retroactively adjusted to the subacute facility's final prospective rate. Final rates may be less than the interim rate, in which case the Department shall recover any overpayment. Only subacute facilities participating in the program as of June 1st shall be in included in the rate study.

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(2)

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(B)

Subacute facilities that do not have historical costs shall receive an interim reimbursement rate. This interim rate shall be based on the subacute facility's projection of their total patient days and costs, as approved by the Department. When actual subacute audit report data becomes available, interim rates shall be retroactively adjusted to the subacute facility's final prospective rate. Final rates may be less than the interim rate, in which case the Department shall recover any overpayment. Only subacute facilities participating in the program as of June 1st shall be in included in the rate study.

(b)

Payments to nursing facilities with subacute care units for patients on bedhold receiving acute services shall be in accordance with section 51535.1(d).

(c)

The provisions of section 51511 shall apply to subacute care units except for section 51511(a). Section 51511(c) shall apply to subacute providers with the exception of items included within the subacute rate pursuant to section 51511.5(d).

(d)

Included within the subacute care per diem rate are all services, equipment and supplies necessary for the administration of the treatment procedures listed in the patient care criteria including but not limited to:(1) Oxygen and all equipment necessary for administration including positive pressure apparatus. (2) Ventilators, including calibration and maintenance. (3) Feeding pumps and equipment necessary for tube feedings, including formula. (4) Speech therapy. (5) Occupational therapy. (6) Physical therapy. (7) Equipment and supplies necessary for the care of a tracheostomy. (8) Lab, X-ray and transportation services. (9) Equipment and supplies for continuous IV therapy. (10) Equipment and supplies necessary for debridement, packing and medicated irrigation with or without whirlpool treatment.

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Equipment and supplies necessary for the care of a tracheostomy.

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Lab, X-ray and transportation services.

(9)

Equipment and supplies for continuous IV therapy.

(10)

Equipment and supplies necessary for debridement, packing and medicated irrigation with or without whirlpool treatment.

(e)

For purposes of this section, the effective rate year is August 1st through July 31st.

(f)

(1) The facility's projected costs for purposes of subsection (a) shall be based on the audit report findings of cost reports with fiscal periods ending January 1 through December 31, three calendar years prior to the effective rate year. In the event that a facility's audit report finding does not include subacute ancillary costs, the facility's projected ancillary costs will be based on the median of the subacute ancillary costs of facilities that had audited ancillary costs. (2) If the audit of a cost report as described in subsection (f)(1) is not issued by July 1 of the effective rate year, the Department shall establish the facility's interim costs based on the cost report with a fiscal period ending January 1, three calendar years prior to the effective rate year, through December 31, three calendar years prior to the effective rate year, adjusted by an audit disallowance factor as listed in the chart below: Type of LicensureAudit Disallowance Factor Per Rate Year 2004-052005-062006-07 Subacute Care Reimbursement.95566.95211.95211 (3) The Department will use the facility's interim costs as the facility's projected costs for purposes of subsection (a). In addition, facilities that did not provide subacute care services to Medi-Cal patients during the cost report period, facilities that

combine subacute and distinct part nursing facility Level B costs, and/or facilities with less than a full year's reported cost shall not be included for purposes of establishing the projected class median costs. (4) If the facility's interim costs, as specified in subsection (f)(2), are established for a facility when the audit report is issued or when the cost report is deemed true and correct under Welfare and Institutions Code Section 14170(a)(1), the Department shall adjust the facility's reimbursement rate retroactively to August 1 of the effective rate year, to reflect the facility's costs determined pursuant to such an audit, or to reflect the costs in the cost report in the event that the cost report is deemed true and correct. (5) Interest will accrue from August 1 of the effective rate year, and be payable on any underpayment or overpayment resulting from the application of subsection (f)(4) at a rate equal to the monthly average received on investment in the Surplus Money Investment Fund (as referenced in Welfare and Institutions Code Section 14171) during the month the audit report is issued. (6) If a provider appeals an audit adjustment pursuant to Welfare & Institutions Code Section 14171, and there is a determination that the audit findings inaccurately reflect the audited facility's projected costs, the provider shall be entitled to seek a retroactive adjustment in its reimbursement rate but the resulting reimbursement rate shall not exceed the prospective rate of reimbursement as provided in subsection (a).

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(4)

If the facility's interim costs, as specified in subsection (f)(2), are established for a facility when the audit report is issued or when the cost report is deemed true and correct under Welfare and Institutions Code Section 14170(a)(1), the Department shall adjust the facility's reimbursement rate retroactively to August 1 of the effective rate year, to reflect the facility's costs determined pursuant to such an audit, or to reflect the costs in the cost report in the event that the cost report is deemed true and correct.

(5)

Interest will accrue from August 1 of the effective rate year, and be payable on any underpayment or overpayment resulting from the application of subsection (f)(4) at a rate equal to the monthly average received on investment in the Surplus Money

Investment Fund (as referenced in Welfare and Institutions Code Section 14171) during the month the audit report is issued.

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If a provider appeals an audit adjustment pursuant to Welfare & Institutions Code Section 14171, and there is a determination that the audit findings inaccurately reflect the audited facility's projected costs, the provider shall be entitled to seek a retroactive adjustment in its reimbursement rate but the resulting reimbursement rate shall not exceed the prospective rate of reimbursement as provided in subsection (a).

(g)

Payment under subsection (a) shall only be made for services authorized pursuant to conditions set forth in Section 51335.5 for patients determined to need subacute care services.