

**FILED**  
JUL 31 2008

MISSISSIPPI  
SECRETARY OF STATE

**NOTICE OF TERMINATION  
WITHDRAWAL OF PROPOSED RULE**

**STATE OF MISSISSIPPI  
OFFICE OF THE GOVERNOR  
DIVISION OF MEDICAID**

Miss. Division of Medicaid  
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**Date Rule Proposed:** July 11, 2008

**Name of proposed rule being terminated:**  
SPA2008-009 Nursing Facility Reimbursement


**Explanation of the purpose of the proposed rule and the reason(s) for proposing the rule:**

Pursuant to Miss Code Ann. § 43-13-117 (1972 as amended), if current or projected expenditures of the Division are reasonably anticipated to exceed the amount of funds appropriated to the Division for any fiscal year, the Governor shall discontinue any or all of the payment of the types of care and services provided under this section that are deemed to be optional services and when necessary, shall institute any other cost containment measures on any program or programs authorized under the article to the extent allowed under the federal laws governing that program. Therefore, this State Plan Amendment reflects necessary cost containment measures to assure Medicaid operates within expected revenues as described. This State Plan Amendment will affect nursing facilities.

**Reason(s) for terminating the proposed rule:**

After additional deliberations, the agency has determined that the proposed rule should be withdrawn in consideration of other options.

**Date Proposed Rule Terminated:** July 31, 2008

  
\_\_\_\_\_  
Executive Director  
Signature and Title of Person Submitting Rule for Filing

| <u>Chapter or<br/>Section<br/>Number</u> | <u>Subject</u>  | <u>Page</u> |
|--|---|-------------|
|  | A. Submission of MDS Forms  | 83          |
|  | B. Assessments Used to Compute a Facility's<br>Average Case Mix Score | 84          |
|  | C. Audits of the MDS  | 85          |
|  | D. Roster Reports and Bed Hold Reports                                | 86          |
|  | E. MDS+ Forms Which Can Not Be Classified                             | 88          |
|  | F. Failure to Submit MDS Forms  | 88          |
| 3-3                                      | Resident Classification System  | 89          |
| 3-4                                      | Computation of Per Diem Rate for Nursing Facilities                   | 98          |
|  | A. Direct Care Base Rate and Care<br>Related Rate Determination       | 99          |
|  | B. Direct Care Access and Quality Incentives                          | 107         |
|  | C. Case Mix Adjusted Per Diem Rate                                    | 108         |
|  | D. Therapy Rate for PNFSD   | 109         |
|  | E. Administrative and Operating Rate                                  | 110         |
|  | F. Property Payment   | 112         |
|  | G. Return on Equity Payment   | 129         |
|  | H. Total Base Rate  | 132         |
|  | I. Calculation of the Rate for One Provider                           | 132         |
|  | J. Total Rate for Nursing Facilities                                  | 132         |
| 3-5                                      | Occupancy Allowance   | 132         |
| 3-6                                      | State Owned NF's  | 133         |
| 3-7                                      | Adjustments to the Rate for Changes in Law                            | 133         |
| 3-8                                      | Upper Payment Limit   | 133         |

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|-----------------------|------------------------------|
| TN NO <u>2008-009</u> | DATE RECEIVED _____          |
| SUPERSEDES            | DATE APPROVED _____          |
| TN NO <u>2004-001</u> | DATE EFFECTIVE <u>8/6/08</u> |

H. Total Base Rate

The annual base rate is the sum of the standard direct care per diem rate, the care related per diem rate, the administrative and operating per diem rate, the per diem property payment, the per diem hold harmless payment, and the per diem return on equity payment. The annual base rate for PNFSD's also includes the therapy per diem rate.

I. Calculation of the Rate for One Provider

In years when the rate is calculated for only one PNFSD, reimbursement will be based upon allowable reported costs of the facility. Reimbursement for direct care, therapies, care related, and administrative and operating costs will be calculated at cost plus the applicable trend factors. Reimbursement for administrative and operating costs will be subject to the ceiling for the facility as described in Section 3-4 E. The property payment and the return on equity payment will be calculated for the facility as described in Sections 3-4 F and G.

J. Total Rate for Nursing Facilities

Calculate the sum of the standard direct care per diem rate, as case mix adjusted by multiplying by each facility's average case mix for the second preceding quarter; the care related per diem rate; the administrative and operating rate; the per diem property payment; the per diem hold harmless payment; and the per diem return on equity payment. Reduce the sum by six and one-tenth percent (6.1%). The net per diem is the total rate used to reimburse each nursing facility.

3-5 Occupancy Allowance

The fixed per diem costs for administrative and operating costs and for property will be calculated using the greater of the facility's actual occupancy level or eighty percent (80%). This level is considered to be the minimum occupancy level for economic and efficient operation.

For facilities having less than eighty percent (80%) occupancy, the number of total patient days will be computed on an eighty percent (80%) factor instead of a lower actual percentage of occupancy. This will not apply to the computation of patient days used in computing the direct care and therapy rates. For example: a facility with an occupancy level of seventy percent (70%) representing 20,000 actual patient days in a reporting period will have to adjust this figure to 22,857 patient days ( $(22,000 / 70\%)$ )

|       |                 |                |               |
|-------|-----------------|----------------|---------------|
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|       | SUPERSEDES      | DATE APPROVED  | _____         |
| TN NO | <u>2006-006</u> | DATE EFFECTIVE | <u>8/6/08</u> |

## Notice of Proposed Rule Adoption

### State of Mississippi Office of the Governor Division of Medicaid

#### Economic Impact Statement For Nursing Facility Providers

The Executive Director of Medicaid is required by law to recommend expenditure containments when expenditures are expected to exceed funds available for any fiscal year. Medicaid is facing a \$90,000,000 shortfall in state revenues for FY2009; therefore, certain cost containment measures have been identified as necessary to balance Medicaid's budget. These measures include reducing existing nursing facility per diem rates by 6.1%.

It is estimated that it will cost the Division of Medicaid approximately \$5,000 to enforce the increased reduction in payments to providers. This includes system changes and staff time.

An estimate of the total economic impact for nursing facility providers, including small business providers, is noted in the chart below. The total economic impact for providers in State FY 2009 is equal to the sum of federal and state savings noted in the chart below. The Division of Medicaid estimated the impact utilizing the actual and estimated expenditures for the same services for FY2008.

| FFY2008 Federal Savings | FFY2008 State Share Savings | FFY2009 Federal Savings | FFY2009 State Share Savings |
|-------------------------|-----------------------------|-------------------------|-----------------------------|
| \$ 4,991,989.54         | \$ 1,551,449.37             | \$ 24,812,720.34        | \$ 7,904,474.20             |

The Division of Medicaid is facing a \$90,000,000 shortfall in state revenues for FY2009. If this cost containment measure is not enacted, there will not be sufficient revenues to reimburse providers for the entire year.

State law limits the cost containment measures that may be taken and precludes the Governor from changing eligibility or benefits; therefore, the only option to reduce expenditures is to reduce payment.