HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #:   PCB HCA 23-03   Nursing Home Quality Reimbursement
SPONSOR(S): Health Care Appropriations Subcommittee
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Health Care Appropriations Subcommittee	13 Y, 0 N	Smith	Clark

SUMMARY ANALYSIS

The bill conforms statutes to the funding decisions related to Health Care included in the House proposed General Appropriations Act (GAA) for Fiscal Year 2023-2024.

On October 1, 2018, Florida Medicaid nursing homes transitioned from facility-specific cost based rates to the prospective rate reimbursement methodology, which determines rates in advance of payment. The methodology includes a parameter for Quality Incentive Payment for providers of up to 6 percent of the September 2016 non-property related payments of included facilities.

The bill modifies the parameters governing the nursing home prospective payment methodology for Medicaid provider reimbursement to increase the quality incentive payment pool parameter from 6 percent to 9 percent.

The bill has an effective date of October 1, 2023.

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Nursing Home Prospective Payment System

On October 1, 2018, Florida Medicaid nursing homes transitioned from facility-specific cost based rates to the prospective rate reimbursement methodology, which determines rates in advance of payment. Section 409.908, F.S., provides the methodology[1] and parameters for rate setting including reimbursement rates for direct care, indirect care, and operating costs.

The methodology includes a parameter for a Quality Incentive Payment, in which a provider is awarded points for process, outcome, structural and credentialing measures using most recently reported data on May 31 of the rate period year.[2]

The Quality Incentive Payment calculation[3] is as follows:

Facility Annualized Medicaid Days ÷ Average Annualized Medicaid Days	X	Quality Points with Lower Limit ÷ Sum of Total Points Awarded to All Facilities	X	Total Quality Budget ÷ Facility Annualized Medicaid Days

Payment amounts are limited to 6 percent of the September 2016 non-property related payments of included facilities.[4]

Effect of the Bill

The bill modifies the parameters governing the nursing home prospective payment methodology for Medicaid provider reimbursement to increase the quality incentive payment pool from 6 percent to 9 percent.

The bill has an effective date of October 1, 2023.

B. SECTION DIRECTORY:

Section 1: Amends s. 409.908, F.S., relating to reimbursement of Medicaid providers.
Section 2: Providing an effective date of October 1, 2023.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

    None.

2. Expenditures:

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[1] Nursing Home Prospective Payment System Calculation: (Operating Price + Direct Care Price - Floor Reduction + Indirect Care Price - Floor Reduction + FRVS Rate + Pass Through Payments) * Budget Neutrality Factor + Quality Incentive Payment + Medicaid Share of NFQA + Ventilator Supplemental Payment + High Medicaid Utilization and High Direct Patient Care Add-On)) + Unit Cost Rate Increase
[2] R. 59G-6.010(2)(y), F.A.C.
[3] *Id.*
[4] S. 409.908(2)(e), F.S. (2022).

The bill conforms to PCB APC 23-01, the proposed Fiscal Year 2023-2024 House of Representatives' General Appropriations Act, which provides $38,699,826 from the General Revenue Fund and $56,822,005 from the Medical Care Trust Fund for the Quality Incentive Payment Pool parameter percentage increase.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

None.