

# Nursing Facility Enhanced Direct Care Staff Rate

Open Enrollment Webinar  
July 1, 2015

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# AGENDA

- Rules
- What is Direct Care Staff Rate Enhancement
- Enrollment Limitations
- Open Enrollment
- Staffing Requirements
- Spending Requirements
- Allowable/Unallowable Compensation
- Common Questions
- Worksheets
- Website Overviews
- Who to contact

Rules pertaining to the Direct Care Staff Compensation Rate Enhancement Rules are located at:

<http://www.hhsc.state.tx.us/rad/long-term-svcs/>

Under the heading “Services” click on “Nursing Facility” then scroll down to “Methodology / Rules”

1 TAC §355.308

# Background

- The 76th Texas Legislature directed the Texas Department of Aging and Disability Services (DADS) by means of its appropriations rider 37 to incentivize an increase in direct care staffing and in the wages and benefits paid to direct care staff in Nursing Homes. These funds are appropriated for the purpose of improving the quality of care for nursing home and hospice clients.
- Implemented May 1, 2000

# Methodology:

## Key Features and Modifications

### Changes to Reporting Requirements

- Beginning with the 2010 reporting period, providers participating in Rate Enhancement have included their staffing and compensation information on the cost report coinciding with the providers fiscal year end
- When beginning or ending participation off cycle with the provider's fiscal year, a provider may be required to file an Accountability Report – Multipurpose (ARM)

# An ARM will be needed:

- When a facility enters or exits the enhancement program on a date other than the beginning of the yearly reporting period
- When a new facility opens on a date other than the beginning of the yearly reporting period
- When a facility terminates or undergoes a Change of Ownership (CHOW)

# Overview

- Goal is to provide incentives to increase Direct Care Staff and Compensation to improve quality of care
- Participation is Optional
- Increased payments above the base rate
- Minimum Staffing & Spending requirements
- Recouped if you fall below the requirements

# Timeline

<b>Date</b>	<b>Action Taken</b>
July 2015	2016 Open Enrollment
January 2016	2014 Notification of Recoupments
February 2016	2014 Collection of Recoupments
March 2016	2015 Cost Reports and Accountability Reports – Multipurpose (as needed) Due
Spring / Summer 2016	2015 Audit of Cost Reports and Accountability Reports - Multipurpose

# Who are Direct Care Staff?

Direct Care staff must perform nurse-related duties for Medicaid-Contracted beds

- RNs (including DONs and ADONs)
- LVNs (including DONs and ADONs)
- Medication Aides
- Certified Nurse Aides (including Restorative Aides)

# Enrollment Limitations

- Facilities will not be enrolled at a level higher than the level achieved on the most recently audited report (2013)
- HHSC will issue a notification letter of its enrollment limitations prior to the first day of the open enrollment period
- A facility may request a revision of its enrollment limitation if it currently does not represent its current staffing levels

# Request for Revision (RFR) Report

- If you had a recoupment on your 2013 report, you will have your 2016 level of participation limited to the level achieved in the prior period
- If your 2013 report does not represent your current staffing level, you may request a revision of your enrollment limitation

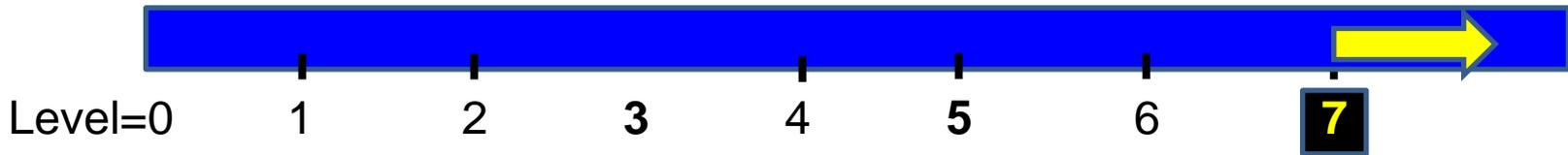
# Request for Revision (RFR) Report (cont.)

- The RFR is only for staffing purposes only – does not apply to spending
- Details on submitting an RFR are included in the limitation letter and the RFR instructions on the Rate Analysis webpage
- The RFR must be received by July 31, 2015

# Request for Revision (RFR) Report

If the RFR shows you are currently staffing at or above your current level of rate enhancement (Level Awarded), you will not be limited and will be eligible for Open Enrollment

Example:

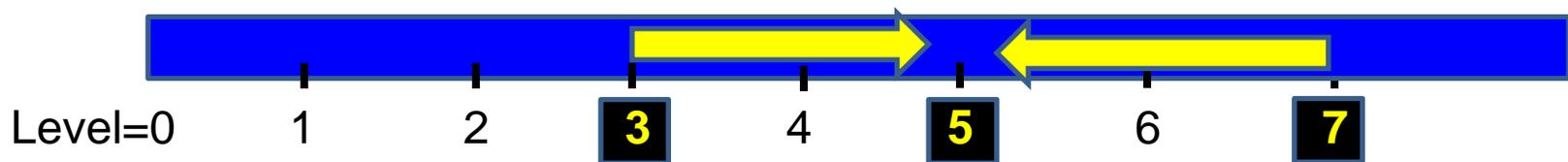


If Current Level Awarded=7 and your Current Staffing=7 or above, there are no limitations.

# Request for Revision (RFR) Report

If the RFR shows you are staffing at a higher level than your limitation, but lower than your current level of rate enhancement (Level Awarded), you will be limited to the level achieved on the RFR.

Example:

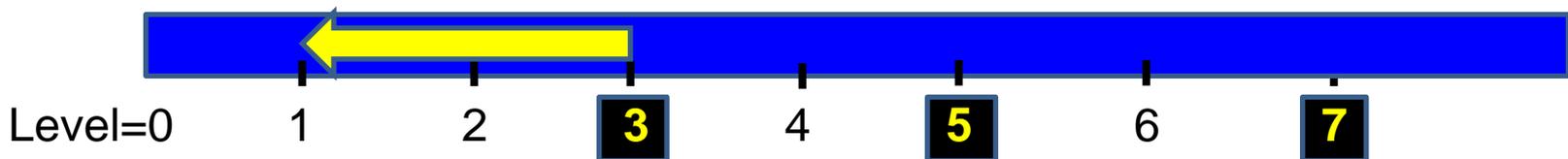


If Current Level Awarded=7 and your Limitation=3, but the RFR shows your Current Staffing=5, you will be limited to Level 5.

# Request for Revision (RFR) Report

If the RFR shows you are staffing at the limitation level or lower, you will be limited to 2016 Enrollment Limitation

Example:



If the Current Level Awarded=7 and your Limitation=3, but the RFR shows your Current Staffing=2, you will be limited to 3.

# Open Enrollment

- New facilities to program will be given the opportunity to select the level of enhancement at which they want to participate
- Facilities already participating may request no more than a 3 level increase
- The highest enhancement level is level 27 - each level is currently increased by \$0.39 above the nonparticipant rate
- At any time, a facility can request a reduction in level or withdraw from enhancement program completely. Withdrawing from the enhancement program will require an ARM report to be filed.

# Awarding Enhancement

- Pre-existing enhancements will have priority over new enhancements
- Levels are awarded within available funds
- Requested enhancements will be distributed beginning with the lowest level of enhancement and granting each successive level of enhancement until requested enhancements are granted within available funds
- Facilities that do not receive a limitation letter and who do not wish to change their level will automatically be re-enrolled in the enhancement at their current level of participation – also known as “roll-over” enrollment

# Enrollment Contract Amendment

- ECAs submitted electronically
- Be signed by an authorized person recognized by DADS.  
Signature must be exactly as shown on the DADS Signatory website. If the ECA form is signed by James Kirk but DADS shows the authorized signatory as James T. Kirk, the ECA will not be accepted.
- Be received by Rate Analysis on July 31, 2015

# Enrollment Contract Amendment (Cont.)

- Check “Yes” or “No” if you want to participate
- Enter your chosen participation level in the “Level” box if you checked “Yes, this facility chooses to enroll”
- Specify fiscal year end of entity
- Reflect the correct 4-digit facility number and 9-digit contract number

# Notification of Enrollment

<http://www.hhsc.state.tx.us/rad/long-term-svcs/>

Under the heading “Services” click on  
“Nursing Facility” then scroll down to  
“View 2016 Rate Enhancement” then click on  
“Participation Status – Levels Awarded”

**Awards will be posted by September 16, 2015**

**This is the only notification you will receive**

# Staffing Requirement

- Agree to maintain certain direct care staffing levels above the minimum staffing levels
- Based on a statewide average direct care staff hours associated with the direct care staff rate component for Nursing Facilities, adjusted for each facility's case mix
- Minimum staffing levels are based on a state wide average and expressed in terms of Licensed Vocational Nurse (LVN) equivalent minutes

# LVN Equivalent Minute Conversion Scale

In order to comply with the overall nursing staff requirement, RNs and Aides are converted to and expressed as LVN Equivalent minutes.

- 1 RN minute = 1.4615 LVN equivalent minutes
- 1 LVN minute = 1.0000 LVN equivalent minute
- 1 Aide minute = 0.4872 LVN equivalent minutes
  
- 1 LVN equivalent minute = 0.68 RN minutes
- 1 LVN equivalent minute = 1.00 LVN minutes
- 1 LVN equivalent minute = 2.05 Aide minutes

# Participants Failing To Meet Staffing Requirements

- May mitigate staffing recoupments to the extent that the enhanced funds are expended on direct care nursing staff – also known as “Purchasing Minutes”
- Will have all direct care staff revenues associated with unmet staffing goals recouped
- No participating facility’s direct care rate after staffing recoupment will ever be less than the direct care base rate.

# Spending Requirements

- Agree to spend 85% of their direct care staff compensation revenues on direct care staff compensation
- Facilities with high dietary and/or fixed capital costs may claim mitigation to their direct care staff spending recoupment

# Participants Failing To Meet Spending Requirements

- DADS will recoup the difference between 85% of direct care staff compensation revenues and direct care staff compensation costs
- No participating facility's direct care rate after spending recoupment will ever be less than the direct care base rate

# Allowable Compensation (cont.)

- Salaries and Wages
- Direct care staff contract labor
- Payroll Taxes
- Workers' Compensation
- Employer-Paid Health Insurance

# Allowable Compensation (cont.)

- Employer Paid Life Insurance
- Certain Other Employer-Paid Benefits:
  - employer-paid disability insurance
  - employer-paid retirement contributions
  - deferred compensation plan contributions
  - childcare
  - accrued leave

# Unallowable Compensation

- Unrecovered cost of meals and room and board furnished to direct care employees
- Uniforms
- Hepatitis B Vaccinations and TB testing/x-rays
- Staff personal vehicle mileage reimbursement
- Job-related training reimbursements
- Job certification renewal fees

(All of these can be reported on the Cost Report, but they cannot be counted towards Rate Enhancement)

# How do I Purchase Minutes?

(to determine how many extra minutes can be applied to staffing)

1. Calculate per diem spending requirement:

Direct care staff revenue per diem including enhancement revenue times 85%

2. Calculate additional LVN-equivalent minutes purchased through excess direct care staff spending:

Direct care staff expense – spending requirement

Cost of one LVN-equivalent minute

# Staff Performing More Than One Function

Nursing personnel who work performing both nursing direct care functions and other functions must maintain continuous, daily timesheets

- The employee's start time
- The employee's stop time
- Total hours worked by the employee
- Actual time worked performing direct care functions
- Actual time worked performing other functions
- Time must be directly charged
- Allocation of time is only acceptable when staff work for both Medicaid-contracted and noncontracted nursing facility beds

# Sample Timesheet

EMPLOYEE NAME June Smythe

DATE: 08/10/13

TIME(hh:mm)		CONSUMER NAME	DUTIES/ACTIVITIES PERFORMED	LOC.	NF		ICF/IID				INDIRECT / SHARED TIME
BEGIN	END				ADMIN	RN	SUPERVISORY	RN DUTY	ADMIN	DIRECT CARE	
8:00 AM	8:30 AM		Travel to Provide Nursing service			.5					
8:30 AM	9:30 AM		Skilled Nursing			1					
9:30 AM	9:45 AM		Travel to Supervisory Visit	LP			.25				
9:45 AM	11:15 AM		Supervisory Visit for Home	LP			1.5				
11:15 AM	11:45 AM	Adams, J.	Travel to Nursing Visit	SW				.5			
11:45 AM	12:30 PM	Adams, J.	Skilled Nursing	SW				.75			
12:30 PM	1:00 PM		Travel Back to Office	SW				.5			
1:00 PM	1:30 PM		Lunch								
1:30 PM	2:30 PM	Lee, M	Phone Calls RE: resident needs		1						
2:30 PM	3:15 PM		Travel to provide nursing service			.75					
3:15 PM	4:00 PM	Hall, J.	Skilled Nursing			.75					
4:00 PM	4:30 PM		Annual Leave / Vacation								.5

DAILY SUMMARY BY PROGRAM/SERVICE TYPE						
PROGRAM	CONTRACT #	Sup	RN/DC	Admin	Indirect	
NF		2.25	.75	1		
ICF LP	700056	1.75				
ICF LP	706569		1.75			
ICF LP	N/A				.5	
<b>TOTAL for the DAY</b>		<b>4</b>	<b>2.5</b>	<b>1</b>	<b>.5</b>	<b>8.0</b>

Signature: June Smythe

Date: August 10, 2013

Supervisor Signature: Mary Jones

Date: August 15, 2013

# Common Questions

(These can also be found  
throughout all our report instructions)

# Enrollment Worksheets

Worksheet A: Minimum Spending Requirement

Worksheet B: Actual Staffing

Worksheet C: Minimum Staffing Requirement

Worksheet D: Actual Spending

Worksheet E: Adjusted Staffing Level

It is recommended that you complete these worksheets periodically to help to keep track of whether or not your facility is meeting the level.

# Worksheet A – Minimum Spending

Estimates the Average Direct Care Revenue at the  
Minimum Base Rate with  
No Enhancement per Resident Day

Total Direct Care Revenue	\$216,030.71
Total Medicaid Days	<u>÷ 5,399</u>
Direct Care Revenue per Resident Day	\$ 40.01

# Worksheet B – Actual Staffing

Estimates the Existing LVN-Equivalent Staffing Level for Medicaid-Contracted beds

Total LVN-Equivalent Minutes	1,378,186.12
Total Days of Service	<u>÷ 12,045</u>
Total LVN-Equivalent Minutes per Resident Day	114.42

# Worksheet C – Minimum Staffing Requirement

Estimates the Minimum Required  
LVN-Equivalent Staffing Level for Participation

Total minimum required LVN-Equivalent Minutes		1,201,070
Total Days of Service	÷	<u>12,045</u>
Total minimum required LVN-Equivalent Minutes per Resident Day		99.72

# Worksheet D – Actual Spending

Estimates the Average Per Diem  
Direct Care Staff Expenses

Total Direct Care Cost	\$489,268
Total Days of Service	<u>÷ 12,045</u>
Direct Care Cost per Resident Day	\$ 40.62

# Worksheet E: Adjusted Staffing Level (cont.)

Actual Staffing	Worksheet B	114.42
Minimum Staffing Requirement	Worksheet C	99.72
Actual Staffing less Minimum Requirement		14.70
Minutes Over		14
Direct Care (DC) Revenue	Worksheet A	40.01
Minutes Over times Level Increment	14 x \$0.40	5.60
DC Revenue plus Minutes Over	40.01+ 5.60	45.61

# Worksheet E: Adjusted Staffing Level (cont.)

85% Spending Requirement	$45.61 \times .85$	38.77
Direct Care Cost per Resident Day	Worksheet D	40.62
Surplus (Cost per Resident Day less Spending Requirement)	$40.62$ $- 38.77$	1.85
If surplus is greater than 0 enter 2. You can purchase minutes		2
Purchased Minutes (Surplus divided by Level Increment)	$1.85 / \$0.40$	4.62
Adjusted Minutes (Actual Staffing plus Purchased Minutes)	$114.42$ $+ 4.62$	119.04
Estimated Minutes Above (Adjusted less Minimum Staffing Requirement)	$119.04$ $- 99.72$	19.32

This example shows the facility is currently staffing at a level 22.

***Overview and  
Navigation of  
HHSC and DADS  
Websites***

# HHSC Rate Analysis Website

<http://www.hhsc.state.tx.us/rad/>



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## Rate Analysis

Acute Care Services

Hospital and Clinic Services

**Long-Term Services and Supports**

Managed Care Services

Medicaid Administrative Claiming

Time Study

Rate Packets

Send email to Rate Analysis

Be sure to **Sign Up for Email Updates**. This is for the DADS Information Letter system, and this is how you will be notified when Cost Reports are due and when Cost Report training is required, among other things.



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Rate Analysis >> Long-Term Services and Supports

## Rate Analysis for Long-Term Services and Supports

### Overview

The Rate Analysis Department (RAD) develops reimbursement methodology rules for determining payment rates or rate ceilings for recommendation to the Health and Human Services Commission (HHSC) for Medicaid payment rates and non-Medicaid payment rates for programs operated by the Department of Aging and Disability Services (DADS) and the Department of Family and Protective Services (DFPS). RAD develops payment rates or rate ceilings in accordance with these rules and agency policy guidelines consisting of the following:

#### Contact information by Program

**NOTE: The HHSC Rate Analysis Department has moved locations. Our new mailing address and phone numbers can be found on the contact list above.**

### Services

- 24-Hour Residential Child Care and Supervised Independent Living Program (24 RCC/SIL)
- Adult Foster Care (AFC)
- Community Based Alternatives (CBA)
- Community Living Assistance and Support Services (CLASS)
- Medically Dependent Children Program (MDCP)
- Nursing Facility (NF)
- Nursing Facility Rehabilitative and Specialized Services
- Primary Home Care (PHC)
- Residential Care & Community Based Alternatives Assisted Living (RC CBA AL)
- Texas Home Living (TxHmL)
- Youth Empowerment Services Waiver Program (YES)

### Additional Resources

- ACRES (Automated Cost Reporting & Evaluation System)

### Contact Rate Analysis

[Send email to Rate Analysis](#)

# HHSC Long-Term Services and Supports Website



# HHSC Nursing Facility Website

<http://www.hhsc.state.tx.us/rad/long-term-svcs/>



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Rate Analysis >> [Long-Term Services and Supports](#) >> Nursing Facility

## Nursing Facility

### General Information

The Nursing Facility program provides institutional care to Medicaid recipients whose medical condition regularly requires the skills of licensed nurses. The nursing facility must provide for the total medical, social and psychological needs of each client, including room and board, social services, over-the-counter drugs, medical supplies and equipment, and personal needs items.

### Reporting Information

#### Cost Reports

View [2013 Cost Reporting Information](#)

View [2012 Cost Reporting Information](#)

View [2011 Cost Reporting Information](#)

#### Rate Enhancement Reports

View [2014 Accountability Report - Multipurpose Information](#)

View [2013 Accountability Report - Multipurpose Information](#)

View [2012 Accountability Report - Multipurpose Information](#)

# HHSC Nursing Facility Website (cont.)

<http://www.hhsc.state.tx.us/rad/long-term-svcs/>

Contacts

Liability Insurance Coverage Certification

Methodology / Rules

Payment Rate Information

## **Rate Enhancement - Direct Care Staff Compensation**

[View 2014 Rate Enhancement - Direct Care Staff Compensation Information](#)

[View 2013 Rate Enhancement - Direct Care Staff Compensation Information](#)

[View 2012 Rate Enhancement - Direct Care Staff Compensation Information](#)

[View 2011 Rate Enhancement - Direct Care Staff Compensation Information](#)

Training Information

Upper Payment Limit (UPL) Supplemental Payment Program

# DADS Nursing Facility Resources

[www.dads.state.tx.us/providers/NF/index.cfm](http://www.dads.state.tx.us/providers/NF/index.cfm)

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES

## Resources for DADS service providers

### Nursing Facilities

[Advance care planning](#)

[Application for nursing facility Medicaid provider agreement](#)

[Bed allocation rules & policies](#)

[Bill code crosswalk](#)

[Calendar of events](#)

[Certification for Medicaid](#)

[Certification for Medicare](#)

[Claims & payments \(TMHP\)](#)

[Communications](#)

[Click here to find services for you, your family or someone you are caring for.](#)

## Nursing Facilities



The Nursing Facility program provides institutional care to Medicaid recipients whose medical condition regularly requires the skills of licensed nurses. The nursing facility must provide for the total medical, social and psychological needs of each client, including room and board, social services, over-the-counter drugs, medical supplies and equipment, and personal needs items. [Read more](#)

## Communications

## News & Alerts

# DADS Signature Authority

[www.dads.state.tx.us/providers/nf/signatories.cfm](http://www.dads.state.tx.us/providers/nf/signatories.cfm)

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES Increase Decrease Reset

## Resources for DADS service providers

 Search

### Nursing Facilities

- ▶ Advance care planning
- ▶ Billing, payment & rates
- Calendar of events
- Communications
- Contact program staff
- ▶ Closures and trustees
- Forms & handbooks
- ▶ Credentialing
- Culture Change in Texas Long-term Care
- ▶ How to become a NF provider
- Informal dispute resolution
- ▶ License application
- ▼ Medicaid

## Signatory search

Search DADS records for current authorized signatory(ies) of nursing facility Medicaid contracts. To update the signatory(ies) on file with DADS, please submit the appropriate [Form 2031](#) according to the contracted legal entity type.

Provider Number:  Search

### Form 2031

- [Form 2031 Governing Authority Resolution – Business Organization](#)
- [Form 2031-G Governing Authority Resolution – Government Entity](#)

For additional information, please contact the NF Licensure and Certification Unit at 512-438-2630.

[TOP OF PAGE](#)

Data updated: May 7, 2014

(Remember, the signature on the ECA form must match the name on this website EXACTLY)

# Contact Information

- Brian King, HHSC NF Rate Analyst  
Phone: (512) 707-6074  
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E-mail: [brian.king@hhsc.state.tx.us](mailto:brian.king@hhsc.state.tx.us)
- Guerin Heckman, HHSC NF Rate Analyst  
Phone: (512) 707-6067  
Fax: (512) 730-7475  
E-mail: [guerin.heckman@hhsc.state.tx.us](mailto:guerin.heckman@hhsc.state.tx.us)
- HHSC Nursing Facility Rate Analysis Website: <http://www.hhsc.state.tx.us/rad/long-term-svcs/nursing-facility/index.shtml>
- DADS Nursing Facility Resources Website:  
<http://www.dads.state.tx.us/providers/nf/index.cfm>
- DADS Authorized Signature Questions: (512) 438-2547 or  
<http://www.dads.state.tx.us/providers/nf/signatories.cfm>
- DADS Provider Claims Billing Questions: (512) 438-2200
- Texas Medicaid & Healthcare Partnership (TMHP) : (800) 626-4117 or  
(512) 335-4729 or <http://www.tmhp.com/Pages/default.aspx>
- Verify Completion of Enrollment Contract Amendment: (512) 490-3193

*Thank you...*