



# Provider Bulletin

Conduent 2 Pillsbury Street Suite 200 Concord, NH 03301

**TO: All Nursing Facilities**  
**FROM: NH Medicaid**  
**DATE: November 22, 2017**  
**SUBJECT: NURSING FACILITY REIMBURSEMENT UPDATE**

---

The purpose of this memo is to notify nursing facilities of several recently approved Centers for Medicare and Medicaid Services (CMS) changes to the Acuity Rate Setting process and to give notice that nursing facilities must comply with these changes as of the effective dates. This information was shared at the November 21, 2017 Long-Term Care subcommittee meeting and this memo serves as a follow-up to that meeting.

Effective July 1, 2017, the Department of Health and Human Services (the Department) adopted nursing facility Medicaid reimbursement rules through the Administrative Procedures Act rulemaking process that relate to the calculation of resident acuity. These rules updated the calculation to the new versions of both the Resource Utilization Grouper (RUG), Version RUG IV, and the Minimum Data Set (MDS), Version MDS 3.0, which was accomplished through updated rate setting functionality in the NH MMIS Health Enterprise System.

This change provides consistency with the Medicare RUG IV Grouper, and the MDS update eliminates the current manual conversion of MDS 3.0 down to MDS 2.0.

The Department is also notifying nursing facilities of another change that is being implemented as a result of the Title XIX State Plan submittal that was required for the RUG and MDS updates. This change was necessary after lengthy and various discussions with the Centers for Medicare and Medicaid Services (CMS) which requires clear and comprehensive state plan reimbursement language if they are to approve a state plan submittal.

State plan approval was contingent upon greater clarification around the issue of a budget neutrality factor (BNF). As such, the calculation of the facility-specific per diem rate will be reduced by a budget adjustment factor (BAF) equal to 30%. The BAF will also be applied to any rebasing rates that may occur. Should the BAF need to be changed, the Department would first need to give public notice and then submit a state plan amendment in the quarter in which the change is effective. In accordance with HB144, RSA 155 of the Laws of 2017, if the BNF/BAF results in a surplus in class 504 - Nursing Home Payments at the end of SFY18 or June 30, 2018, the surplus will be paid out to providers as a lump sum payment within 30 days of year end, proportionally based on Medicaid class 504 payments made to such providers during the fiscal year.

Please also note that the state plan is currently undergoing an amendment to correct an error in the recent approval which indicated an annual rate setting process. The state plan is being amended to change language back to the semi-annual rate setting to which nursing facilities are accustomed.

If you would like to view the approved state plan amendment (SPA) (TN 17-0015, approved October 24, 2017) that contains the above changes, please check the following website on which SPA's are posted at regular intervals.

<https://www.medicaid.gov/state-resource-center/medicaid-state-plan-amendments/medicaid-state-plan-amendments.html>

We thank you for your participation in the NH Medicaid Program.

If you have any questions about billing, please contact NH Medicaid Provider Relations at 1-866-291-1674. If you have questions about the above rate setting changes, please contact Christine Ferwerda at 603-271-9209.