

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1465 CS Medicaid Reimbursement to Nursing Homes
SPONSOR(S): Grant
TIED BILLS: **IDEN./SIM. BILLS:** SB 2636

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Elder & Long-Term Care Committee	6 Y, 0 N, w/CS	Walsh	Liem
2) Health Care Appropriations Committee			
3) Health & Families Council			
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

Committee Substitute for HB 1465 requires the Agency for Health Care Administration (AHCA) to establish a Nursing Home Voluntary Competitive Bid Program for nursing homes with empty beds for a 12-month period in two unspecified counties.

The CS also requires AHCA to evaluate the pilot program after the 12-month period and provide a report to the Governor and Legislature.

The fiscal impact of the CS is indeterminate. See "Drafting Issues or Other Comments" for additional information.

The effective date is July 1, 2005.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government --- CS for HB 1465 requires AHCA to establish a Nursing Home Voluntary Competitive Bid Program for nursing homes with empty beds for a 12-month period in two unspecified counties. Because the Medicaid State Plan specifies how providers will be paid, any changes relating to reimbursements to nursing homes must be approved by the federal Centers for Medicaid and Medicare Services before the changes can take effect.

B. EFFECT OF PROPOSED CHANGES:

Under s. 409.908(2)(a)1, F.S., reimbursement to nursing homes licensed under Part II of Chapter 400, F.S, and state-owned and -operated intermediate care facilities for the developmentally disabled licensed under chapter 393 must be made prospectively. Each January and July, the most recently reported Medicaid-allowable historical costs for each nursing home are inflated forward and, to the extent allowable by target and ceiling limitations, become the Medicaid per diem rate for that individual nursing home's Medicaid reimbursement of current period expenses for that rate semester. The nursing home receives the same unique per diem rate per-bed per-day that the bed is occupied during the rate semester by a Medicaid recipient.

CS for HB 1465 requires AHCA to establish a Nursing Home Voluntary Competitive Bid Program for nursing homes with empty beds for a 12-month period in two unspecified counties:

- Opening bids must be at a rate that is less than existing Medicaid rates in the catchment area.
- Nursing homes with a conditional license are prohibited from participation in the pilot program.
- No rule can prohibit Medicaid beneficiaries or their families from choosing among Medicaid certified facilities.
- AHCA must keep an updated list of approved bidders within the pilot areas and provide the most current list to all social services providers and any other entity making referrals to nursing homes.

The CS requires AHCA to evaluate the effectiveness of the pilot within 90 days of its completion. The report, to be submitted to the Governor and legislature, must include an evaluation of the pilot's impact on the quality of care and the amount of savings to the state.

C. SECTION DIRECTORY:

Section 1: Amends s. 409.908(a), F.S.; requires AHCA to establish a Nursing Home Voluntary Competitive Bid Program for nursing homes with empty beds for a 12-month period in two unspecified counties; requires AHCA to evaluate the pilot program and submit a report to the Governor and Legislature.

Section 2: Provides an effective date of July 1, 2005.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:
Indeterminate. See "Drafting Issues or Other Comments" below.

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:

This bill does not require counties or municipalities to take an action requiring the expenditure of funds, does not reduce the authority that counties or municipalities have to raise revenue in the aggregate, and does not reduce the percentage of state tax shared with counties or municipalities.

2. Other:
None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

"Medicaid-certified beds." and "catchment area" are undefined.

Use of the term "opening bids" suggests more than one round of bidding would be required to set a rate for a nursing home or pilot area.

It is unclear when the normally calculated nursing home per diems will be applicable if the competitive bid process is to be used for admissions to nursing homes. If the intent of this new requirement is to supplant the current nursing home rate setting methodology based upon prospective rates as required in statute, this should be made explicit.

The process of collecting the bids and making the determination of which nursing home has the low bid for each catchment area is unclear.

The issue of how often bidding is to be undertaken is also unspecified. The bill could be interpreted to mean bidding is done each time a Medicaid recipient must go into a nursing home. Alternatively, it could be intended that all nursing homes bid their beds out by the month, quarter, semester, or year.

If a recipient enters a nursing home on a low bid, it is unclear how long the nursing home is locked into receiving the low bid for that recipient.

- If a recipient becomes a permanent resident of the facility, the bill does not specify how long the nursing home will receive the low bid.
- Once a new bid is solicited or the pilot is completed, the bill does not specify when, or if, the old bid will be updated for those low bid recipients already in the nursing home.

The bill does not specify what per diem the nursing home would receive if the nursing home did **not** participate in the bidding process, yet the recipient chooses that facility. This could be interpreted to mean that the nursing facility will receive the low bid rate even though they did not participate in the bidding process, or it could mean that the nursing facility is to receive their normally calculated per diem.

It is unclear what is meant by requiring that opening bids be at a rate below existing Medicaid reimbursement rates within the catchment area.

- This could be interpreted to mean that a nursing home's bid must be lower than the lowest normally calculated per diem in the catchment area.
- Or it could be interpreted to mean that a nursing home must bid lower than that nursing home's current normally calculated per diem.

"Approved bidder" is undefined. Its definition should include direction to AHCA about the qualifications required to meet approval.

The Medicaid claims payment system will require modification based on the requirements of this bill.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

At its April 13, 2005, meeting, the Committee on Elder & Long-Term Care adopted one strike everything amendment to HB 1465. The amendment:

- Requires AHCA to establish a Nursing Home Voluntary Competitive Bid Program for nursing homes with empty beds for a 12-month period in two unspecified counties
- Requires AHCA to evaluate the pilot program after the 12-month period.

The Committee favorably reported a Committee Substitute for the bill.

This analysis is drawn to the Committee Substitute.