

## PUBLIC NOTICE

Pursuant to 42 C.F.R. Section 447.205, public notice is hereby given to the submission of a Medicaid State Plan Amendment (SPA). Effective January 1, 2016, the Division of Medicaid, in the Office of the Governor, is adding clarification regarding property reimbursement calculations for Alzheimer's Units, Nursing Facilities for the Severely Disabled (NFSDs), Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IIDs) and Psychiatric Residential Treatment Facilities (PRTFs), our Transmittal #16-0011.

1. Mississippi Medicaid SPA 16-0011 Long-Term Care (LTC) Reimbursement does not change the reimbursement methodology but adds clarification regarding property reimbursement calculations for the following facilities: Alzheimer's Units, NFSDs, ICF/IIDs and PRTFs.
2. The expected annual aggregate expenditures is \$0.00.
3. The Division of Medicaid is adding clarification language to the property reimbursement calculations for consistency purposes for the following facilities: Alzheimer's Units, NFSDs, ICF/IIDs and PRTFs. The Division of Medicaid is required to submit a SPA to comply with 42 CFR Part 447.
4. A copy of the proposed SPA will be available in each county health department office and in the Department of Human Services office in Issaquena County for review.
5. Written comments will be received by the Division of Medicaid, Office of the Governor, Office of Policy, Walter Sillers Building, Suite 1000, 550 High Street, Jackson, Mississippi 39201, or [Margaret.Wilson@medicaid.ms.gov](mailto:Margaret.Wilson@medicaid.ms.gov) for thirty (30) days from the date of publication of this notice. Comments will be available for public review at the above address and on the Division of Medicaid's website at [www.medicaid.ms.gov](http://www.medicaid.ms.gov).
6. A public hearing on this SPA will not be held.

David J. Dzielak, Ph.D.  
Executive Director  
Division of Medicaid  
Office of the Governor

January 27, 2016

**State of Mississippi**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER  
TYPES OF CARE**

---

- a. State-wide new bed value
- b. Medicaid certified beds at the start of the rate period
- c. Facility average age, not to exceed 28.5714 years
- d. Accumulated depreciation, accumulating at a rate of 1.75% annually, not to exceed 50%
- e. Rental factor of 5.35% with an added risk factor of 2%
- f. Annualized patient days, at no less than 80% occupancy

The new bed value minus the accumulated depreciation multiplied by total beds determines the facility value. The value times the rental factor divided by days equals the fair rental per diem. The parameters and calculations are further described below.

2. Each year a state-wide new bed value is determined. The new bed value for 2015 is \$91,200. Therefore, a new facility constructed during 2015 will have a per bed value of \$91,200 for the 2015 rental payment. The value of new construction will be indexed each year using the RS Means Construction Cost Index [estimate for Jackson, MS](#). The new bed value will be indexed each year to January 1 of the payment year. ~~The cost index will be estimated using a five year moving average of the most recent cost indices for Jackson, MS.~~ For example, in computing the rates for the year January 1, 2016 through December 31, 2016, the 2015 new bed value will be adjusted to the January 1, 2016 value using the estimated index. ~~An adjustment to the new bed value of 37.20% will be made~~ [For licensed Alzheimer's units, new beds constructed on January 1, 2015 are assumed to have an additional value of \\$33,926.40, which is 37.20% of the nursing facility bed value. Each year, the January 1 new bed value adjustment for beds in licensed Alzheimer's units will be determined by multiplying the nursing facility new bed value by 37.20%, to account for](#) ~~based on the additional construction costs required to be licensed as an Alzheimer's unit.~~ ~~Likewise, an adjustment of 175% will be made to the nursing facility new bed value~~ [For NFSDs, a new facility constructed on January 1, 2015 is assumed to have a per bed value of \\$159,600, which is 175 percent of the nursing facility bed value. Each year, the January 1 new bed value for the NFSD class will be determined by multiplying the nursing facility new bed value by 175%.](#)

The new bed value for Mississippi has been rebased effective January 1, 2015. The previous new bed values apply for rate setting periods prior to January 1, 2015. For transition purposes, \$91,200 will be used for determining if 2013 and 2014 capitalized assets and renovation costs will be converted into new beds. The list of historical new bed value indices is included in 9.

State of Mississippi

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER  
TYPES OF CARE**

---

ceiling, then its rate is its trended cost plus fifty percent (50%) of the difference between the trended cost or the median, whichever is greater, and the ceiling.

B. Property Payment. A per diem payment will be made for property costs based on a fair rental system. The amount of the payment is determined as follows:

1. A new facility constructed on January 1, 2015 is assumed to have a per bed value of \$109,440, which is 120 percent of the nursing facility bed value. ~~The value of new construction of a nursing facility bed will be indexed each year using the RS Means Construction Cost Index. The new bed value will be indexed each year to January 1 of the payment year. The cost index for the payment year will be estimated by using a five year moving average of the most recent cost indices for Jackson, MS.~~ Each year, the January 1 new bed value for the ICF/IID class will be determined by multiplying the nursing facility new bed value by 120%.

State of Mississippi

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER  
TYPES OF CARE**

---

ceiling, then its rate is its trended cost plus fifty percent (50%) of the difference between the trended cost or the median, whichever is greater, and the ceiling.

B. Property Payment. A per diem payment will be made for property costs based on a fair rental system. The amount of the payment is determined as follows:

1. A new facility constructed on January 1, 2015 is assumed to have a per bed value of \$109,440 which is 120 percent of the per bed value of a nursing facility. Each year, the January 1 new bed value of the PRTF class will be determined by multiplying the nursing facility new bed value by 120%.

~~The value of new construction of a nursing facility bed will be indexed each year using the RS Means Construction Cost Index. The new bed value will be indexed each year to January 1 of the payment year using an estimated cost index calculated using a five year moving average of the most recent cost indices for Jackson, Mississippi.~~

**State of Mississippi**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER  
TYPES OF CARE**

---

- a. State-wide new bed value
- b. Medicaid certified beds at the start of the rate period
- c. Facility average age, not to exceed 28.5714 years
- d. Accumulated depreciation, accumulating at a rate of 1.75% annually, not to exceed 50%
- e. Rental factor of 5.35% with an added risk factor of 2%
- f. Annualized patient days, at no less than 80% occupancy

The new bed value minus the accumulated depreciation multiplied by total beds determines the facility value. The value times the rental factor divided by days equals the fair rental per diem. The parameters and calculations are further described below.

2. Each year a state-wide new bed value is determined. The new bed value for 2015 is \$91,200. Therefore, a new facility constructed during 2015 will have a per bed value of \$91,200 for the 2015 rental payment. The value of new construction will be indexed each year using the RS Means Construction Cost Index estimate for Jackson, MS. The new bed value will be indexed each year to January 1 of the payment year. For example, in computing the rates for the year January 1, 2016 through December 31, 2016, the 2015 new bed value will be adjusted to the January 1, 2016 value using the estimated index. For licensed Alzheimer's units, new beds constructed on January 1, 2015 are assumed to have an additional value of \$33,926.40, which is 37.20% of the nursing facility bed value. Each year, the January 1 new bed value adjustment for beds in licensed Alzheimer's units will be determined by multiplying the nursing facility new bed value by 37.20%, to account for the additional construction costs required to be licensed as an Alzheimer's unit. For NFSDs, a new facility constructed on January 1, 2015 is assumed to have a per bed value of \$159,600, which is 175 percent of the nursing facility bed value. Each year, the January 1 new bed value for the NFSD class will be determined by multiplying the nursing facility new bed value by 175%.

The new bed value for Mississippi has been rebased effective January 1, 2015. The previous new bed values apply for rate setting periods prior to January 1, 2015. For transition purposes, \$91,200 will be used for determining if 2013 and 2014 capitalized assets and renovation costs will be converted into new beds. The list of historical new bed value indices is included in 9.

**State of Mississippi**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER  
TYPES OF CARE**

---

ceiling, then its rate is its trended cost plus fifty percent (50%) of the difference between the trended cost or the median, whichever is greater, and the ceiling.

B. Property Payment. A per diem payment will be made for property costs based on a fair rental system. The amount of the payment is determined as follows:

1. A new facility constructed on January 1, 2015 is assumed to have a per bed value of \$109,440, which is 120 percent of the nursing facility bed value. Each year, the January 1 new bed value for the ICF/IID class will be determined by multiplying the nursing facility new bed value by 120%.

**State of Mississippi**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER  
TYPES OF CARE**

---

ceiling, then its rate is its trended cost plus fifty percent (50%) of the difference between the trended cost or the median, whichever is greater, and the ceiling.

B. Property Payment. A per diem payment will be made for property costs based on a fair rental system. The amount of the payment is determined as follows:

1. A new facility constructed on January 1, 2015 is assumed to have a per bed value of \$109,440 which is 120 percent of the per bed value of a nursing facility. Each year, the January 1 new bed value of the PRTF class will be determined by multiplying the nursing facility new bed value by 120%.