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## **Rates: Facilities**

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The Department of Health Care Services (DHCS) issues Medi-Cal provider reimbursement rates for Nursing Facilities Level A (NF-A), Nursing Facilities Level B (NF-B), Institutions for Mental Disease (IMD), Intermediate Care Facilities for the Developmentally Disabled (ICF/DD), Intermediate Care Facilities for the Developmentally Disabled/Habilitative (ICF/DD-H), and Intermediate Care Facilities for the Developmentally Disabled/Nursing (ICF/DD-N).

### **Included Costs**

Reimbursement rates include funding for the following.

#### **Nurse Assistant Training**

Free-standing NF-A, NF-B and ICF/DD rates reflect the updated costs for increased training requirements (SB 1111 [1991] and Omnibus Budget Reconciliation Act of 1990).

#### **Workplace Hazards**

NF-A, NF-B and ICF/DD rates reflect the costs of the requirement that all employees are trained in workplace hazards and safe work procedures (Pesticide Worker Safety Act [1990]).

#### **Medical Waste Management**

Rates for free-standing NF-A, NF-B and ICF/DDs reflect the costs of the requirements of the Medical Waste Management Act (1991), which defines and covers the handling, removal, disposition and treatment of all regulated medical wastes.

#### **Unemployment Insurance Code**

Rates for all facilities reflect the costs of the requirement that employers report new hires and rehires to the Employment Development Department (Unemployment Insurance Code, Section 1088.5 [1993]).

## **FMLA and CFRA**

Rates for all facilities reflect the cost of compliance with the Federal Family and Medical Leave Act (FMLA) of 1993 and the California Family Rights Act (CFRA) of 1991, which guarantee certain employees the right to take unpaid leave due to the serious health condition of a child, parent or spouse.

## **Recycling Refrigerants**

All NF-A, NF-B and ICF/DD rates reflect the requirement of Section 608 of the Clean Air Act (1993), which establishes a recycling program for ozone depleting refrigerants recovered during the servicing and disposal of air conditioning and refrigeration equipment.

## **Drugs Taken Off the Medi-Cal Drug Formulary**

Rates for all facilities reflect the cost of reimbursing for drugs taken off *the Medi-Cal List of Contract Drugs* (drug formulary) and thus deemed included in the Long Term Care rate. The drugs are hydrocortisone – 0.5% cream, ointment and lotion; and diphenhydramine – oral liquid (12.5 mg per 5 cc) and 25 mg tablets and capsules.

## **Miscellaneous Local Government**

All NF-A, NF-B and ICF/DD rates reflect the cost of compliance with miscellaneous local government ordinances, such as control plans, environmental plans, disaster plans, waste management plans, hazardous plans, grease trap plans, vendor ethnic-makeup plans for cities, recovery of federal funds and frontage parking assessments.

An amount was added to the Medi-Cal rates for:

- A modification of the allocation indirect costs to direct costs centers on the Medi-Cal cost report for the NF-A and NF-B, subacute and pediatric subacute care and ICF/DDs.
- NF-As and NF-Bs, DP/NFs, ICF/DDs, ICF/DD-Hs and ICF/DD-Ns to comply with the California Department of Industrial Relations, Division of Occupational Safety and Health (Cal OSHA) guidelines for training employees on the subject of workplace violence.

## **Quality Assurance Fee (QAF)**

NF-B and subacute rates for all non-exempt providers reflect the Quality Assurance Fee (QAF) mandated by AB 1629 and ABX1 19. This additional increase pertains to the following providers and services:

- «Free-Standing Nursing Facilities Level B (NF-B) value code amounts 07, 08, 09, 11 and 12
- Free-Standing Adult Subacute Nursing Facilities Level B value code amounts 75, 76, 77, 78, 81 and 82 and
- Free-Standing Pediatric Subacute Nursing Facilities Level B value code amounts 91, 92, 93, 94, 95 and 96.»

## **Developmentally Disabled Oversight Program Add-On**

Oversight Program Add-On rates for ICF/DDs, ICF/DD-Hs and ICF/DD-Ns. This add-on is to reimburse providers for costs associated with the Developmentally Disabled Oversight Program. ICF/DD providers are required to implement this program in accordance with federal regulations.

## **Per-Diem Add-On**

In addition to the Medi-Cal reimbursement rates for which ICFs are eligible, a per-diem add-on will be included for each patient day of service provided during a fiscal quarter. The add-on will be computed annually and will include reimbursement for fees paid under the ICF/DD Quality Assurance Fee Program.

## **ICF/DD Regulations**

By virtue of the licensure and certification process, ICF/DDs, ICF/DD-Hs and ICF/DD-Ns have the responsibility to ensure consistency and continuity of services for the clients that reside in their facilities. The Federal Intermediate Care Facilities for Persons with Mental Retardation (ICF/MRs) regulation at W-120 requires “the facility must assure that outside services meet the needs of the client.” Guidance at W-120 states, “Programs and services are coordinated/integrated and consistent with those provided by the facility” and “...the facility’s staff actively participate with staff in outside programs in the assessment process and in the development of objectives and intervention strategies.” The Department of Social Services, Community Care Licensing, has implemented regulations within Title 22, Division 6, Chapter 1, which are referred to as Restricted Health Conditions and Conditions of Life (Sections 80077 thru 80095). The regulations require that day program providers who serve individuals with developmental disabilities that have such restricted conditions have health condition care plans and service plans developed. The restricted conditions health care plan must be developed by a health professional.

## **Staff Training**

Day programs accepting clients with restricted health conditions must ensure that their staff are trained to meet the needs of the individual client. Most day program providers do not have health care professionals as part of their staffing; therefore, day programs rely on licensed health professionals from other sources or persons having primary responsibility for the client to provide such training. Health facilities, as part of program coordination and integration, provide care plans, and information on such restricted health conditions/conditions to ensure care is consistent. An appropriately licensed health professional or staff having primary responsibility for the client from the ICF/MR may choose to render procedure-specific training for day program staff.

## **Restricted Health Conditions**

The restricted health conditions/conditions of life include, but are not limited to, care for:

- Individuals who rely upon others to perform activities of daily living
- Individuals who lack impulse control
- Incontinence
- Contractures
- Inhalation assistive devices
- Colostomy
- Ileostomy
- Indwelling urinary catheter
- Insulin dependent diabetes
- Wounds
- Gastronomy
- Tracheostomies

## **Valdivia v. DHS and CAHF v. DHS**

In accordance with the settlement agreement of Valdivia v. DHS and CAHF v. DHS, the new reimbursement rates for NF-A and NF-B contain add-ons to implement its requirements.

The rates reflect increased funding for the following:

- The costs of staffing up to the degree necessary to comply with the requirements of the federal Nursing Home Reform Law enacted by the Omnibus Budget Reconciliation Acts of 1987 and 1990.
- The cost of complying with the federal Clinical Laboratory Improvement Amendments of 1988.
- Installation of computer hardware and software in both the administrative office for patient trust funds and the nursing department for Resident Assessment and the Minimum Data Set.
- The provision of one hour of training by August 1, 1995, and annually thereafter, to all staff in each of the following areas: restraints/behavioral interventions, resident assessment, and Preadmission Screening Resident Review. The settlement agreement provides that written evidence of the provision of training be made available to DHCS upon request.
- Suspension of the occupancy-adjustment factor that was used in setting the freestanding NF-B rates for the 1994-95 rate year.

## **New Facilities**

### **Newly Certified**

Newly certified facilities with no prior ownership should contact the Long Term Care (LTC) System Development Unit to inquire about the current reimbursement rate.

### **Change in Ownership**

Newly certified facilities established through a change in ownership will be paid based on the prior owner's rates.

## **New Facilities: Statewide Average Rate**

New facilities and new owners are obligated to comply with all wage pass-through requirements under the following legislative enactments

### **AB 1426 (1978)**

Assembly Bill 1426 requires new facilities to pay the statewide average wage increase of \$0.37 per hour for NF-B non-administrative employees and \$0.29 per hour for NF-A and ICF/DD non-administrative employees.

### **AB 1107 (1999)**

Assembly Bill 1107 requires nursing facilities to increase the wages, salaries and benefits for direct care staff by an amount equal to the total wage pass-through money received.

Also, NF-B and Distinct-Part Nursing Facility Level B (DP/NF-B) providers received an additional wage pass-through of \$0.14 per Medi-Cal patient day, effective January 1, 2000, which must also be passed through to employees. This \$0.14 increase was part of the \$2.96 rate increase to cover Assembly Bill 1107's increased nursing staffing requirements (to 3.2 hours per day).

## **Wage Pass-Through Increase**

The per diem rates effective August 1, 2000, included a wage pass-through to increase wages for registered nurses, licensed vocational nurses, nurse assistants, plant operations and maintenance, housekeeping, laundry and linen and dietary staff. NF-A providers received a wage pass-through of \$3.00 per Medi-Cal patient day and NF-B providers received \$4.82 per Medi-Cal patient day. ICF/DD providers received a wage pass-through of \$4.97 per Medi-Cal patient day. ICF/DD-H providers received a wage pass-through of \$6.08 per Medi-Cal patient day. ICF/DD-N providers received a wage pass-through of \$7.72 per Medi-Cal patient day.

The Pediatric Subacute providers received a wage pass-through of \$22.82 per Medi-Cal patient day for hospital ventilator and non-ventilator patients and \$22.16 per Medi-Cal patient day for free-standing ventilator and non-ventilator patients. DP/NF-B and Subacute providers will be notified individually by DHCS of their specific wage pass-through amounts. Swing bed facilities received a wage pass-through of \$6.81 per Medi-Cal patient day.

The intent of the wage pass-through is to require affected facilities to increase the wages, salaries and benefits of their employees providing direct patient care. The total amount to be passed-through by each facility shall be the per diem increase received times the facility's number of Medi-Cal patient days. DHCS will conduct audits of facilities to assure that the wage pass-through has been passed on to employees providing direct patient care.

### **Failure to Comply with Wage Pass-Through Requirements**

In accordance with the above mandates, facilities that fail to comply with the above wage pass-through requirements will be liable to make restitution to the Medi-Cal program for any funds not expended for this purpose, and to pay a penalty equal to 10 percent of the Medi-Cal funds not so distributed.

### **AB 360 (2005)**

Assembly Bill 360 (Statutes of 2005, Chapter 508) mandates that Institutions for Mental Disease (IMD) rates of payment are based on the Medi-Cal rates in effect on July 31, 2004. In addition, AB 360 mandates an annual 6.5 percent increase to IMD rates beginning July 1, 2005, and continuing through June 30, 2008. Beginning July 1, 2008, the annual rate increase will be 4.7 percent. This was amended by AB 1054.

### **AB 1054 (2013)**

Assembly Bill 1054 (Statutes of 2013, Chapter 303) mandates an annual increase of 3.5 percent for IMD facilities beginning July 1, 2014.

For current IMD per diem rates, see the *Rates: Facility Per Diem* section in this manual.

**<<Legend>>**

<<Symbols used in the document above are explained in the following table.>>

<b>Symbol</b>	<b>Description</b>
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