

**4.19 Payments for Medical and Remedial Care and Services****Methods and Standards for Determining Payment Rates for Non-State-Owned Nursing Facilities – (Excludes State-Owned Facilities)**

care or cost effective measures which do not compromise patient care.

d. Appraisal Technique

A complete appraisal of each new facility may be performed as required by the Department after certification and approval for Medicaid program participation by a qualified appraisal firm under contract with the Department. Updates of the initial appraisal may be performed annually prior to the October rate setting period. Updates may be performed at any time during the annual period when there have been major changes to the bed size of the facility and such changes would affect the SAV for rate purposes. Prior to rate setting, the updated appraisals will be indexed to June 30, as a common point valuation, based on the Consumer Price Index.

A copy of the facility appraisal report is furnished to the facility for its records.

5. Compensation

Compensation to be allowed must be reasonable for services' that are necessary, related to patient care and pertinent to the operation of the facility. The services must actually be performed and paid in full less any withholding required by law. The hours worked and compensation must be documented and reported to all appropriate State and Federal authorities for income tax, Social Security, and unemployment compensation purposes.

Reasonable means that the compensation must be comparable for the same services provided by facilities in the bed ranges. If the services are provided less than full time, the compensation must reflect this fact. Full time is considered approximately 2,080 hours per year worked in patient-related duties.

Compensation must include the total benefit paid for the services rendered; i.e., fees, salaries, wages, payroll taxes, fringe benefits, and other increments paid to or for the benefit of those providing the services.

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: West Virginia

Attachment 4.19-D-1

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Cost for purchases of any items or services from related companies or organizations will be allowed at the actual cost of providing the service or the price of comparable services purchased elsewhere, whichever is less.

**III. Rate Determination**

Individual facility rates are established on a prospective basis, based on licensed beds, considering cost to be expected and allowable during the rate period. The rate is not subject to retrospective revision. This does not exclude corrections for errors or omissions of data, reconciliation of audit findings related to falsification or misreporting costs, or incorrect reporting of census or costs. The basic vehicle for arriving at each facility's rate is the uniform Financial and Statistical Report.

The reported costs are subject to desk audit and then converted to rates per patient day. Rates will be in effect for six-month (6) periods beginning April 1 and October 1 based on each facility's reported costs and adjustments for the applicable reporting period.

Effective October 1, 2015, the Bureau will reduce the October 2015 rates by \$2.75 per day as a cost savings measure. The \$2.75 per day rate reduction will be in effect for the period October 1, 2015 thru June 30, 2016. The facility appraisal process was waived for the October 2015 rate setting methodology. The April 2016 rates will become effective July 1, 2016. All other long term care nursing facility regulations, policies and procedures will remain in effect throughout the freeze period unless otherwise modified through general updating practices.

A. Cost Adjustment

Reported facility costs are subject to review and analysis through desk audit. Adjustments are made to exclude non-allowable costs and by application of the agency's established cost standards using the following methodologies:

1. Standard Services

Reported allowable costs in the standard services area are compared against the cost ceiling for standard services using the appropriate bed range for the facility or facility class. If the allowable reported cost exceeds the cost ceiling, then the facility rate is limited to the ceiling.

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