



STATE OF WASHINGTON  
DEPARTMENT OF SOCIAL AND HEALTH SERVICES  
Aging and Long Term-Support Administration  
Management Services Division  
PO Box 45600, Olympia, WA 98504-5600

December 16, 2016

**ALTSA: NH Rates #2016-004**

**RE: JANUARY 1, 2017 ADJUSTED MEDICAID PAYMENT RATE**

Dear Nursing Facility Administrator:

The January 1, 2017 Medicaid payment rate for your facility is enclosed.

The Department calculated your facility's January 1, 2017 adjusted rate using your facility's Medicaid Average Case Mix Index (with defaults) from the 2 Semiannual 2016 Final Case Mix RUG Report (4/1/2016 through 9/30/2016) MDS 3.0 RUG IV Grouper 57 reduced 13% for low RUG groups PA1 to PB2 without behaviors.

The January 1, 2017 rate computation has a Fair Market Rental methodology change that defines licensed beds. Licensed beds is defined as the beds for the cost component rebase year. This means that the Fair Market Rental calculation for the January 1, 2017 rate will use the reported adjusted licensed beds from the 2015 cost report. Beds calculated in item 18 are used as the multiplier for the Total Building Value in Item 20 and the 90% occupancy calculation in Item 32.

Appeal adjustments are included with the change in the licensed beds definition and calculated and applied to the January 1, 2017 rate.

Due to appeals of the age of some facilities reducing the age of the building, the stabilizer portion of the rate was affected. In order to minimize the administrative burden to facilities of having to process revised July 1, 2016 rates, the resulting rate change for some facilities is included as an add-on to the facility's January 1, 2017 adjusted rate. The add-on is called the "Roll Forward Add-On" and can be first found in Item 39 in the enclosed rate computation worksheet.

If you wish to request an administrative review conference in relation to your January 1, 2017 rate or any subsequent adjusted rate, please keep in mind WAC 388-96-904, the regulation that controls such requests. The regulation provides in part:

- (1)...The contractor's request for administrative review shall:
  - (a) Be signed by the contractor or by a partner, officer, or authorized employee of the contractor;
  - (b) State the particular issues raised; and
  - (c) Include all necessary supporting documentation or other information.

(2) After receiving a request for administrative review conference that meets the criteria in subsection (1) of this section, the Department shall schedule an administrative review conference. The conference may be conducted by telephone.

(3) At least fourteen calendar days prior to the scheduled date of the administrative review conference, the contractor must supply any additional or supporting documentation or information upon which the contractor intends to rely in presenting its case. In addition, the Department may request at any time prior to issuing a determination any documentation or information needed to decide the issues raised, and the contractor must comply with such a request within fourteen calendar days after it is received... The Department shall dismiss issues that cannot be decided or resolved due to a contractor's failure to provide requested documentation or information within the required period. (Emphasis added)

The Department will enforce this regulation in responding to requests for administrative review. Requests that are not properly signed, that do not state the issues with particularity, or that are not supported by the required documentation or information will be denied or dismissed. Mail your appeal to the Office of Rates Management at: P.O. Box 45600, Olympia, WA 98504-5600. Do not mail your appeal to our physical address of Blake West 4450 10<sup>th</sup> Ave SE, Lacey, WA 98503. Ground carriers such as UPS and FedEx can deliver to the physical address, but the Post Office will not.

If you have questions about your rate, please contact your analyst. The facility/analyst list is available on our website at <https://www.dshs.wa.gov/altsa/management-services-division/nursing-facility-cost-reports>.

Sincerely,



Peter Graham, Chief  
Office of Rates Management

Enclosures