



**State of Louisiana**  
Department of Health and Hospitals  
Bureau of Health Services Financing

May 6, 2016

Dear Nursing Home Administrator:

RE: Transition to Time-Weighted MDS Assessment Calculation

Effective for the rate setting period effective 1/1/2017, Medicaid is transitioning from a Point-in-time methodology used to set the case mix index (CMI) for establishing the daily nursing facility rates to a Time-weighted methodology for setting the CMI. The Time-weighted measurement will measure the acuity of residents for the entire quarter to determine the CMI as opposed to the current Point-in-time that measures the acuity of the residents on a particular date. DHH is making this change to more accurately reflect the acuity of nursing facility residents. DHH has been sending "shadow" rates for more than a year to demonstrate how this change will impact nursing facilities (Note: DHH is not moving to RUGS IV as was reflected on the "shadow rates").

**This will only impact the calculations for rate setting purposes and does not effect in any way the manner in which your staff conducts the MDS Assessments.**

In order minimize the impact of this change on rates DHH will phase this change in over a six month period. For the 1/1/2017 rate setting period, DHH will cap the fiscal impact related to the MDS acuity component at \$2/day (plus or minus). This means no rate will neither decrease nor increase by more than this amount because of this change. The cap is specifically applied to the MDS acuity component (CMI) as it related to the change to Time-weighted. Other factors in the customary rate setting process that would impact the rate will not be subject to the cap- (for example, changes in the CMI based on changes in the resident mix may impact the rate greater than \$2 and those changes will flow through to the rate that is paid) . This same cap will apply to the 4/1/2017 rate setting process. Effective 7/1/2017 there will be no cap.

As the 1/1/2017 rates will be based on MDS assessments on file for the quarter beginning on 7/1/2016, please advise your staff of this change. DHH anticipates publishing a rule in the next two months. This memo is to provide advanced notification of the impending change.

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DHH and our rate setting contractor will provide training on this change within the next two months with a series of webinar presentations. The training will focus on the calculation changes and any possible changes in the future that may be required by your staff. Instructions for enrolling and attending these training sessions will be made available to you very soon.

If you have any questions you can call Denis Beard at 225.342.6116.

Sincerely,

A handwritten signature in black ink that reads "Randy Davidson". The signature is written in a cursive style with a large initial "R" and "D".

Randy Davidson

Director of Rate and Audit