

Bulletin Number: MSA 07-47

Distribution: Nursing Facilities (Provider Type 60)
County Medical Care Facilities (Provider Type 61)
Hospital Long Term Care Units (Provider Type 62)
Hospice (Provider Type 15)

Issued: September 1, 2007

Subject: Facility Innovative Design Supplemental (FIDS) Program for Inpatient Long Term Care Facilities

Effective: October 1, 2007

Programs Affected: Medicaid

Medicaid participating facilities in Michigan have an opportunity to receive a reimbursement incentive for construction and renovation projects that meet the Facility Innovative Design Supplemental (FIDS) criteria for quality improvement and culture change as outlined in bulletin MSA 07-35. The purpose of this bulletin is to outline the Medicaid reimbursement methodology and the reimbursement process for the FIDS program effective for dates of service on and after October 1, 2007. The Michigan Department of Community Health (MDCH) has provided two different application opportunities for FIDS projects. The second round of applications are in the review process. No future application opportunities are anticipated.

Providers are eligible to receive the increased reimbursement for room and board services provided to Medicaid beneficiaries in the FIDS area of the facility. The FIDS facility standards and required culture change must be maintained throughout the Medicaid supplemental payment program. FIDS participating facilities will be reviewed annually by the Office of Services to the Aging (OSA) to certify continued participation in culture change. Reimbursement of the FIDS payment will be terminated if it is determined a facility is not compliant with the culture change requirement. FIDS participating nursing facilities receive increased capital reimbursement for FIDS construction and renovation projects. The increased reimbursement is paid through the claims reimbursement process. Reimbursement of the supplement amount is contingent upon sufficient appropriation to the Medicaid budget.

Change of Ownership

If the facility experiences a change in ownership, the new owner must continue the FIDS facility standards and culture change in order to continue the facility's eligibility for receipt of the supplemental Medicaid payment. MDCH will notify the provider of the terminated supplemental payment if the facility is determined ineligible for the supplemental payment because the new owner has discontinued or plans to discontinue the FIDS facility standards or culture change. If the new owner initially decides to discontinue participation as a FIDS facility and subsequently decides to participate as a FIDS facility, the provider must notify the Bureau of Health Systems licensing officer and OSA.

FIDS Program Reimbursement Methodology

FIDS participating facilities must have received approval from MDCH for construction or renovation design plans that complied with quality goals of the FIDS program to improve nursing facility quality of life and nursing facility structures. If a provider chooses to discontinue participation in the design and/or culture change aspects of the FIDS program, the provider must contact the MDCH Reimbursement and Rate Setting Section 30 days prior to the discontinuance. The FIDS reimbursement supplement will be discontinued when the facility no longer participates in the design and/or culture change.

MDCH confirmation and approval that a FIDS participating facility has completed the pre-approved construction or renovation project(s) allows the facility to be eligible for the capital reimbursement supplement. The reimbursement supplement only applies to qualifying FIDS costs above the nursing facility's Capital Asset Value (CAV) Limit for Class I and the Plant Cost Limit (PCL) for Class III. Qualifying costs are the cost of capital assets such as, land, land improvement, building, building improvement and equipment that meet the MDCH capital asset classification. Providers submitting for plant cost certification can identify all costs for certification, but must distinguish FIDS qualifying costs on the certification request. As FIDS qualifying costs fall below the nursing facility's CAV or the nursing facility's PCL, the supplement amount is adjusted. The reimbursement supplement reflects qualifying costs prorated over 20 consecutive years. Medicaid reimbursement methodology for the FIDS program follows current MDCH nursing facility cost-based principles and rate determination guidelines and policy, including plant cost certification, except as identified below for Class I and Class III providers.

Class I Nursing Facility Reimbursement for FIDS

For Class I nursing facilities participating in the FIDS program, the supplement amount, up to five dollars (\$5) per Medicaid day, is added to the Return on Current Asset Value Component (RCAV) for qualifying FIDS construction or renovation project costs above the nursing facility's CAV Limit. Medicaid reimbursement methodology for the FIDS program follows current Medicaid nursing facility reimbursement guidelines and policy with the exceptions noted below:

- Up to five dollars (\$5) per Medicaid day is added to the nursing facility's RCAV until the rate period beginning on October 1, 2028 (beginning of the State Fiscal Year).
- The supplement amount is based on qualifying costs above the nursing facility's CAV Limit determined by the Department either by plant cost certification or by cost reporting. When the plant cost certification estimate is used, the amount of the supplement is subject to an adjustment following the completion of an audit to the applicable period's cost report in which the FIDS project is initially reported.
- To determine the amount of the FIDS supplement, the Department will utilize the following calculation:
 - Qualifying FIDS construction or renovation costs above the CAV Limit are divided by the number of FIDS beds in the project divided by the number of years remaining in the supplemental program divided by 365 days.

Class III Nursing Facility Reimbursement for FIDS

For Class III nursing facilities participating in the FIDS program, MDCH will increase the Plant Cost Component (PCC) up to five dollars (\$5) per Medicaid day for FIDS construction or renovation project costs above the nursing facility's PCL. MDCH reimbursement methodology for the FIDS program follows current MDCH nursing facility reimbursement guidelines and policy with the exceptions noted below:

- Up to five dollars (\$5) per Medicaid day is added to the nursing facility's PCC until the rate period beginning on October 1, 2028 (beginning of the State Fiscal Year).
- The supplement amount is based on qualifying costs above the re-determined PCL determined by the Department either by plant cost certification or by cost reporting. When the plant cost certification estimate is used, the amount of the supplement is subject to an adjustment following the completion of an audit to the applicable period's cost report in which the FIDS project is initially reported.

- To determine the amount of the FIDS supplement, the Department will apply the following to qualifying project costs:
 - For FIDS renovation projects, the supplement is determined using qualifying costs to calculate the plant cost per resident day above the facility's PCL per resident day. For a newly constructed facility, the calculation will be based on plant cost per resident day above the Class PCL per resident day effective the quarter the new construction is placed into service.

FIDS Program Billing and Reimbursement Process

Participating FIDS providers are reimbursed per Medicaid day when claims are submitted for services provided in the FIDS area. FIDS facilities compliant with facility standards and culture change are eligible for the supplemental payment. Only participating FIDS providers billing for room and board in a FIDS area are to use the following revenue codes:

- For a single occupancy/private room, bill revenue code 0119.
- For a double occupancy/semi-private room, bill revenue code 0129.
- Therapeutic Leave Day claims, bill revenue code 0189.
- For hospice room and board, bill revenue code 0659.

FIDS reimbursement is subject to post payment audit action, including the prospective elimination of a provider's supplemental payment if the provider submits claims for FIDS services not provided in an approved FIDS area.

Manual Maintenance

Retain this bulletin until the information has been incorporated into the Michigan Medicaid Provider Manual.

Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Community Health, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at ProviderSupport@michigan.gov. When you submit an e-mail, be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

Approved



Paul Reinhart, Director
Medical Services Administration