

Rebasing of Nursing Care Costs

I. Purpose

This Practice and Procedure Issuance announces the rebase of Nursing Care costs used for the setting of Medicaid rates for services provided on and after July 1, 2021, and describes the methodology used in the rebase.

II. Background

State law requires the periodic rebasing of nursing facility costs. Pursuant to 33 V.S.A. § 905(c) and V.D.R.S.R. § 5.6, costs must be rebased every two years for the Nursing Care cost category and at least every four years for other cost categories unless the Secretary of Human Services certifies to the legislature that rebasing is not necessary. Nursing Care Costs are described in V.D.R.S.R. § 6.2.

The last full rebase was on July 1, 2019 and the base year used at that time was calendar year 2017. **The Nursing Care cost category will be rebased July 1, 2021. The base year will be calendar year 2019.**

III. Implementation

The Division will implement the rebase. **No action is required by providers.** Because all relevant cost reports have not been settled (and the 90th percentile cap for Nursing determined) before July 1, 2021, interim rates will be set based on the Division's estimates of base year 2019 allowable Nursing Care costs for each facility. After all facilities' cost reports used as the base year are settled, the interim rates will be made final.

The rebase will be based on the allowable Nursing Care costs for each facility's 2019 fiscal year, subject to the limits in V.D.R.S.R. § 7. No special cost reports will be required. For facilities whose cost reporting period is not the calendar year, the inflation factors prescribed in V.D.R.S.R. § 5.8(a) will be used to adjust facilities' fiscal year Nursing Care costs to the calendar 2019 base year.

Effective: August 17, 2021

Lindsay Gillette, Director
Division of Rate Setting