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MEMORANDUM

TO: Medicaid and Exchange Advisory Board

FROM: Rebecca Fay, Staff Attorney, Division of Rate Setting 

DATE: September 8, 2014

SUBJECT: Proposed Rule Amendment – *Methods, Standards and Principles for Establishing Medicaid Payment Rates for Long-Term Care Facilities*

The Division of Rate Setting is proposing a change to its rules: *Methods, Standards and Principles for Establishing Medicaid Payment Rates for Long-Term Care Facilities*. These proposed changes will affect nursing facility Medicaid rates beginning January 1, 2015.

This proposed rule implements the Companion Aide Pilot Project. The goal of this project is to improve dementia care within nursing facilities by embedding LNAs with specialized training in person-centered dementia care. In this context, person-centered dementia care is defined as having the following elements:

- An individualized approach to care planning that uses the perspective of the person with dementia as the primary frame of reference,
- Values the personhood of the person with dementia, and
- Provides a social environment that supports the psychological needs of the person with dementia.

The pilot will provide a per diem rate adjustment to five selected nursing facilities to employ Companion Aides. Each of the selected facilities will be reimbursed through their rates for five aides per 100 filled beds. For example, a nursing facility with 56 filled beds (not the number of licensed beds) would multiply the number of filled beds by 5% and round up or down to determine the number of Companion Aides that could be funded by this pilot project. In this case, the formula would be $56 \text{ beds} \times 0.05 = 2.80$. When this is rounded to the nearest whole number, it gives a result of three full time equivalents of Companion Aides.

All Vermont nursing facilities participating in Medicaid are eligible to apply for this pilot. To select the five facilities, Vermont will be divided into five geographical areas that are based on the Council on Aging's county groupings. The geographical areas



will be Northwest Vermont (Addison, Chittenden, Franklin, and Grand Isle counties); Northeast Vermont (Caledonia, Essex, and Orleans counties); Central Vermont (Lamoille, Orange, and Washington counties); Southwest Vermont (Rutland and Bennington counties); and Southeast Vermont (Windham and Windsor counties).

Within each area, the facility with the highest proportion of residents with a diagnosis of Alzheimer's or dementia compared to the total number of residents will be selected to participate in the Companion Aide Pilot Project. The data will be from the Minimum Data Set (MDS) forms for the second quarter 2014 picture date (June 15, 2014). If no nursing facility applies from a given area, an additional nursing facility from the geographical area with the highest number of applicants will be selected. If there is a tie, the facility with the highest percentage of Medicaid residents to total residents in State Fiscal Year 2014 census information reported to the Division of Rate Setting will be selected.

The selected facilities will be required to complete outcome reports in November 2015 and 2016. The Division may end the Companion Aide rate adjustment for a facility that does not comply with the ongoing reporting requirements.

The estimated economic impact of this rule is expected to cost \$479,154 per year. The rule will be in effect for 2.5 years, so the estimated economic impact for the duration of the pilot will be approximately \$1,197,885. This pilot will be eligible for the federal Medicaid match.

Highlights by Subsection

The substantive change of this proposed rule is implementation of the Companion Aide Pilot Project. The following details the proposed changes by subsection:

- § 1.13 – updates the effective date of these rules.
- § 14 – replaces the Division of Licensing and Protection with Adult Services Division. This change is necessary because the Adult Services Division is the Division within the Department of Disabilities, Aging and Independent Living which approves special rates for nursing facility residents.
- § 16 – adds two definitions: “Companion Aides” and “Person-Centered Dementia Care.”
- § 17 – the change updates the effective date of the proposed rule.
- § 17.1 – this subsection lays out the selection process, rate adjustment calculations, and reporting requirements of the Companion Aide Pilot Project.

Attached, please find the annotated rule showing the proposed changes. Thank you.