

## **Frequently Asked Questions #2: October 12, 2018 Nursing Home Rate Increase**

1. Can the non-salary purchased service individuals from Healthcare Services Group be included in the 2% of allowable compensation increases?

Response: Yes

2. With the term *normal* inflationary increases for health insurance deemed not allowable for the program, what is the definition of normal inflationary? We have some facilities seeing 40+ percent increases in their commercial health insurance contracts (not self-insured) and they are wondering if there is the ability to ask for an exception or consideration for these type of extraordinary premium increases.

Response: The only allowable costs would be the costs associated with the introduction of a new or enhanced benefit.

3. With the rate increase letters going out on November 1<sup>st</sup>, does that mean that the rates goes up for Medicaid days occurring after November 1<sup>st</sup> or days paid after November 1<sup>st</sup>?

Response: The rate increase will apply to service days on or after November 1, 2018.

4. Just to clarify, in calculating the 2% threshold that must be met, are nursing homes to use a calculation of 2% of wages and once that number is calculated, can it then be reached through increases in wages, FICA, health and dental insurance, and pension increases? So It would be if the total salary was 5,000,000 the threshold for spending at 2% is \$100,000. If that money was spent 90,000 on a salary increase, 8,000 on FICA and 2,000 additional cost to the pension plan we believe this meets the 2% requirement, do you agree?

Response: The Department agrees.

- And - is the 2% calculation based upon the wages of the group of employees that they are going to increase the compensation of or is it based on the wages of all the employees regardless of whether or not just one group will get an increase?

Response: All of the employees.