

North Carolina Department of Health and Human Services

2001 Mail Service Center • Raleigh, North Carolina 27699-2001

Tel 919-733-4534 • Fax 919-715-4645

Beverly Eaves Perdue, Governor

February 5, 2009

Lanier M. Cansler, Secretary

The Honorable Beverly M. Earle, Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 634, Legislative Office Building
Raleigh, NC 27603

Dear Representative Earle:

Section 10.39A of S.L. 2007-323 (House Bill 1473), "Skilled Nursing Facility Reimbursement Rates," required DHHS to describe the schedule and sources of rebasing skilled nursing facility case mix reimbursement rates and to increase the skilled nursing provider assessment reimbursement rate. The report is also to address how rebasing can effectively replace the existing system for providing inflationary increases for skilled nursing facilities. It is my pleasure to submit the report at this time.

While this report provides information on various rebasing methodologies from 15 surveyed states, the Department recommends that skilled reimbursement rates be rebased on a schedule of not less than every four years as outlined in Alternative 1, page 12 of the report, with rate increases subject to budgetary constraints. During those years between rebasing, rates would be subject to inflationary increases as allowed by the General Assembly. Finally, in any year where a pre-selected national inflationary index for nursing facility cost exceeds a predetermined aggregate increase since the last rebasing, nursing facility reimbursement would be rebased and the four year rebasing cycle would be reset beginning in the year of that rebasing. This would allow for a defined rebasing methodology while adhering to budgetary constraints.

Please direct all questions concerning this report to Roger Barnes, Assistant Director for Financial Management. He can be reached at (919) 855-4180 or via email at Roger.Barnes.dma@ncmail.net.

Sincerely,

A handwritten signature in black ink, appearing to read "Lanier M. Cansler".

Lanier M. Cansler

LMC:rb

Enclosure

cc: Allen D. Feezor
Sharnese Ransome

Dan Stewart
Tara R. Larson

Jennifer Hoffmann
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Lanier M. Cansler, Secretary

The Honorable Bob England, M.D., Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 2219, Legislative Building
Raleigh, NC 27601

Dear Representative England:

Section 10.39A of S.L. 2007-323 (House Bill 1473), "Skilled Nursing Facility Reimbursement Rates," required DHHS to describe the schedule and sources of rebasing skilled nursing facility case mix reimbursement rates and to increase the skilled nursing provider assessment reimbursement rate. The report is also to address how rebasing can effectively replace the existing system for providing inflationary increases for skilled nursing facilities. It is my pleasure to submit the report at this time.

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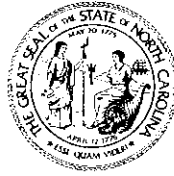
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Lanier M. Cansler, Secretary

The Honorable Verla Insko, Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 307-B1, Legislative Office Building
Raleigh, NC 27603

Dear Representative Insko:

Section 10.39A of S.L. 2007-323 (House Bill 1473), "Skilled Nursing Facility Reimbursement Rates," required DHHS to describe the schedule and sources of rebasing skilled nursing facility case mix reimbursement rates and to increase the skilled nursing provider assessment reimbursement rate. The report is also to address how rebasing can effectively replace the existing system for providing inflationary increases for skilled nursing facilities. It is my pleasure to submit the report at this time.

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Beverly Eaves Perdue, Governor

February 5, 2009

Lanier M. Cansler, Secretary

The Honorable William Purcell, Co-Chair
Appropriations on Health and Human Services
North Carolina General Assembly
Room 625, Legislative Office Building
Raleigh, NC 27603

Dear Senator Purcell:

Section 10.39A of S.L. 2007-323 (House Bill 1473), "Skilled Nursing Facility Reimbursement Rates," required DHHS to describe the schedule and sources of rebasing skilled nursing facility case mix reimbursement rates and to increase the skilled nursing provider assessment reimbursement rate. The report is also to address how rebasing can effectively replace the existing system for providing inflationary increases for skilled nursing facilities. It is my pleasure to submit the report at this time.

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Lanier M. Cansler, Secretary

The Honorable Doug Berger, Co-Chair
Appropriations on Health and Human Services
North Carolina General Assembly
Room 622, Legislative Office Building
Raleigh, NC 27603

Dear Senator Berger:

Section 10.39A of S.L. 2007-323 (House Bill 1473), "Skilled Nursing Facility Reimbursement Rates," required DHHS to describe the schedule and sources of rebasing skilled nursing facility case mix reimbursement rates and to increase the skilled nursing provider assessment reimbursement rate. The report is also to address how rebasing can effectively replace the existing system for providing inflationary increases for skilled nursing facilities. It is my pleasure to submit the report at this time.

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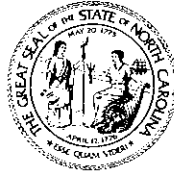
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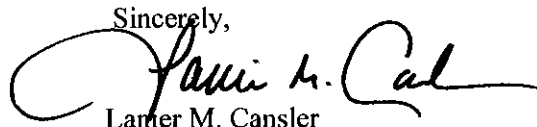
Mr. Bob Weiss, Interim Director
Fiscal Research Division
Room 619, Legislative Office Building
Raleigh, NC 27601

Dear Mr. Weiss:

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