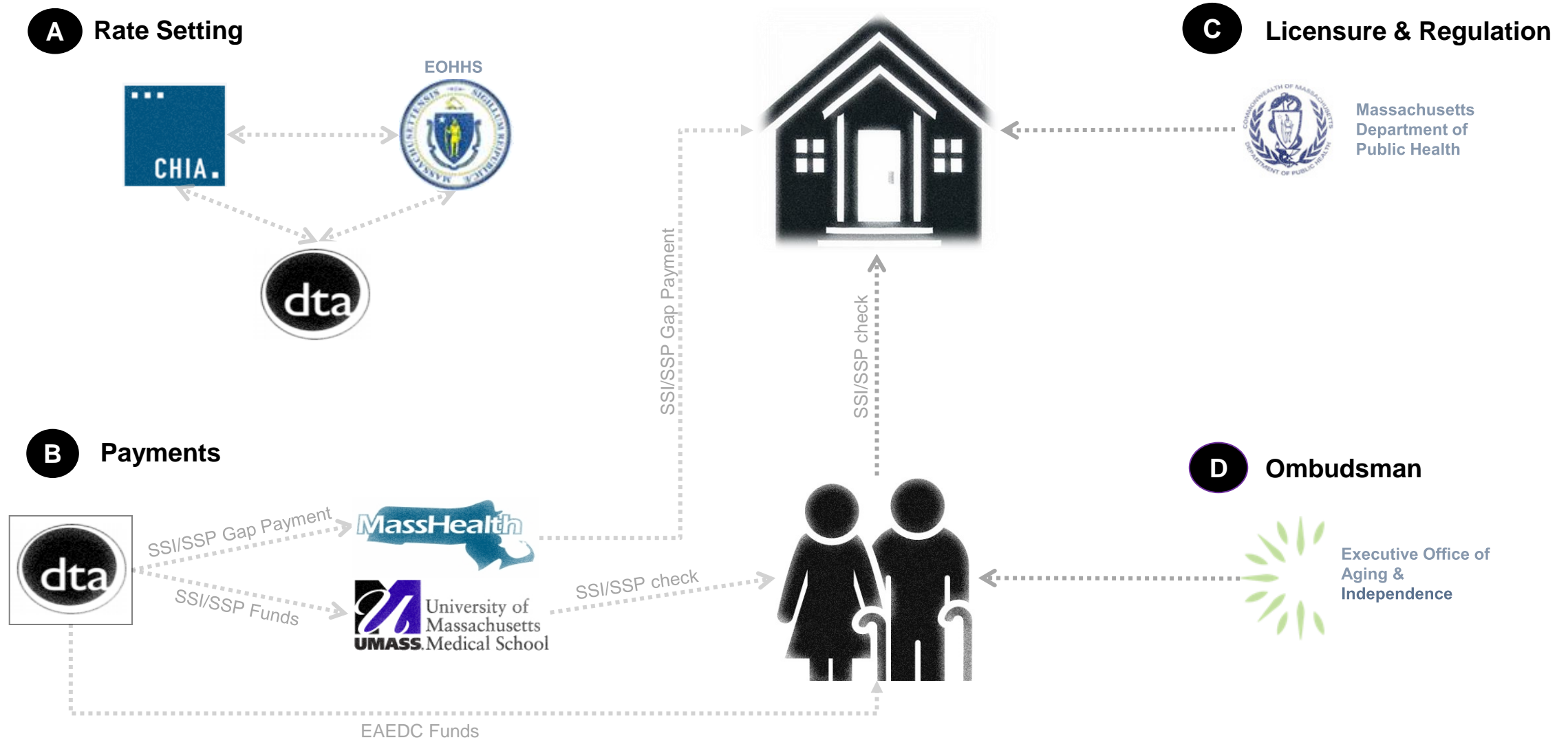


REST HOME PAYMENT AND RATE OVERVIEW

Executive Office of Health and Human Services

January 24, 2025

Several state agencies support rate setting, payment, licensure and patient care responsibilities



Rest homes receive payment for public rest home clients via two different pathways

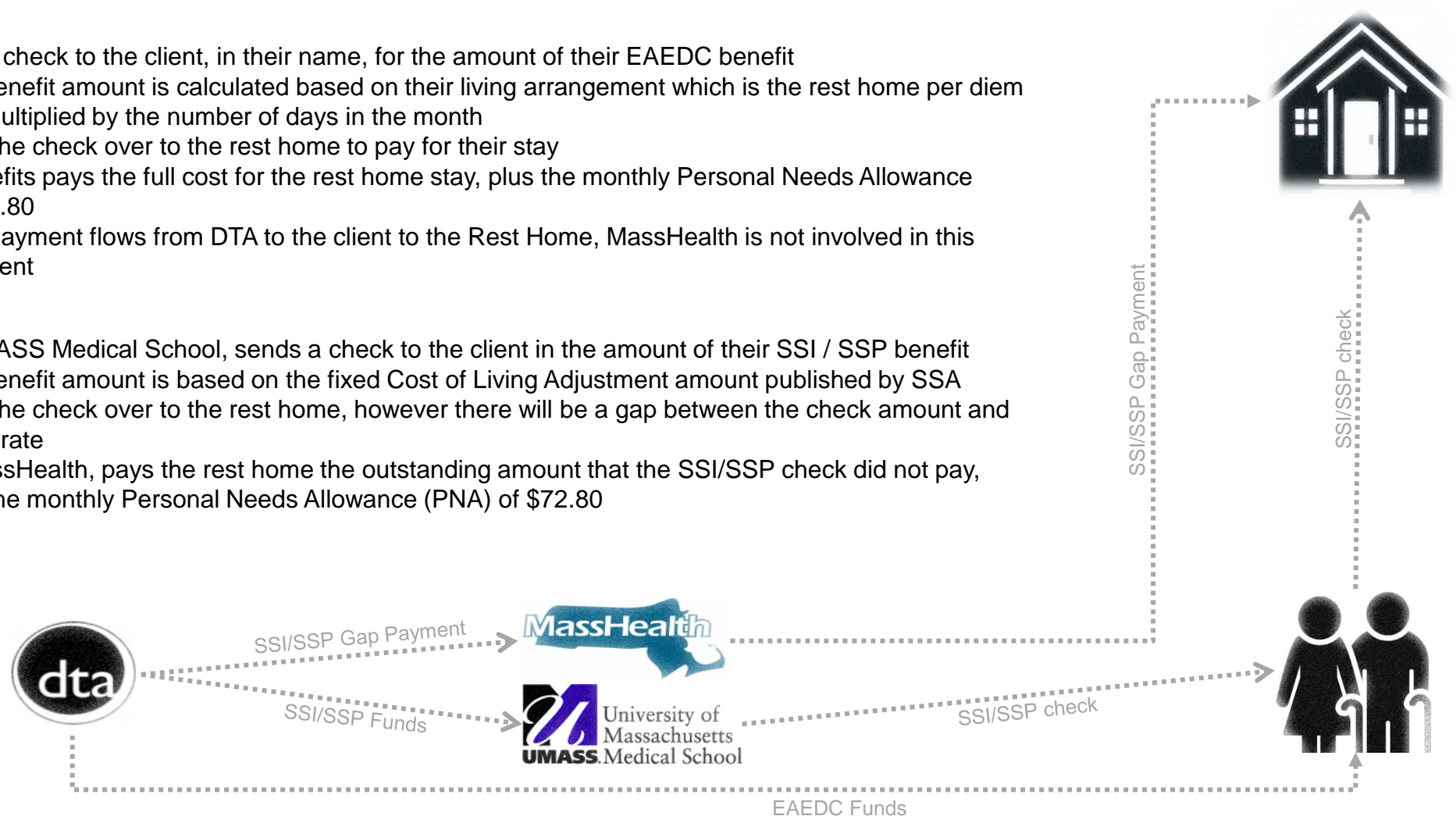
Public rest home clients may receive either EAEDC benefits or SSI/SSP benefits. They may not receive both benefits at the same time. The following outlines the payment process for each pathway.

EAEDC clients

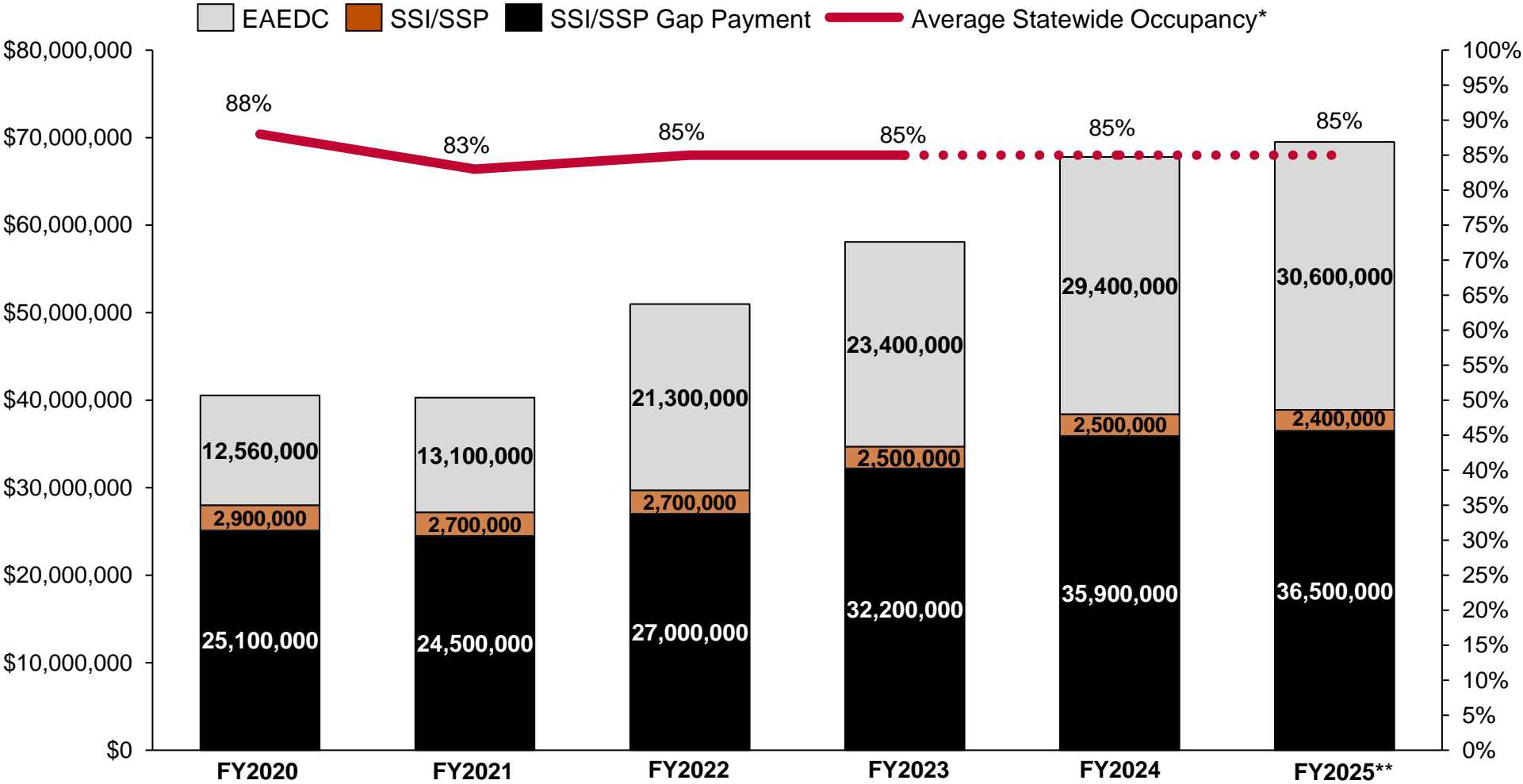
- DTA sends a check to the client, in their name, for the amount of their EAEDC benefit
 - The benefit amount is calculated based on their living arrangement which is the rest home per diem rate multiplied by the number of days in the month
- Client signs the check over to the rest home to pay for their stay
- EAEDC benefits pays the full cost for the rest home stay, plus the monthly Personal Needs Allowance (PNA) of \$72.80
- As a result, payment flows from DTA to the client to the Rest Home, MassHealth is not involved in this client's payment

SSI / SSP clients

- DTA, via UMASS Medical School, sends a check to the client in the amount of their SSI / SSP benefit
 - The benefit amount is based on the fixed Cost of Living Adjustment amount published by SSA
- Client signs the check over to the rest home, however there will be a gap between the check amount and the per diem rate
- DTA, via MassHealth, pays the rest home the outstanding amount that the SSI/SSP check did not pay, inclusive of the monthly Personal Needs Allowance (PNA) of \$72.80



Rest home spend and occupancy trends



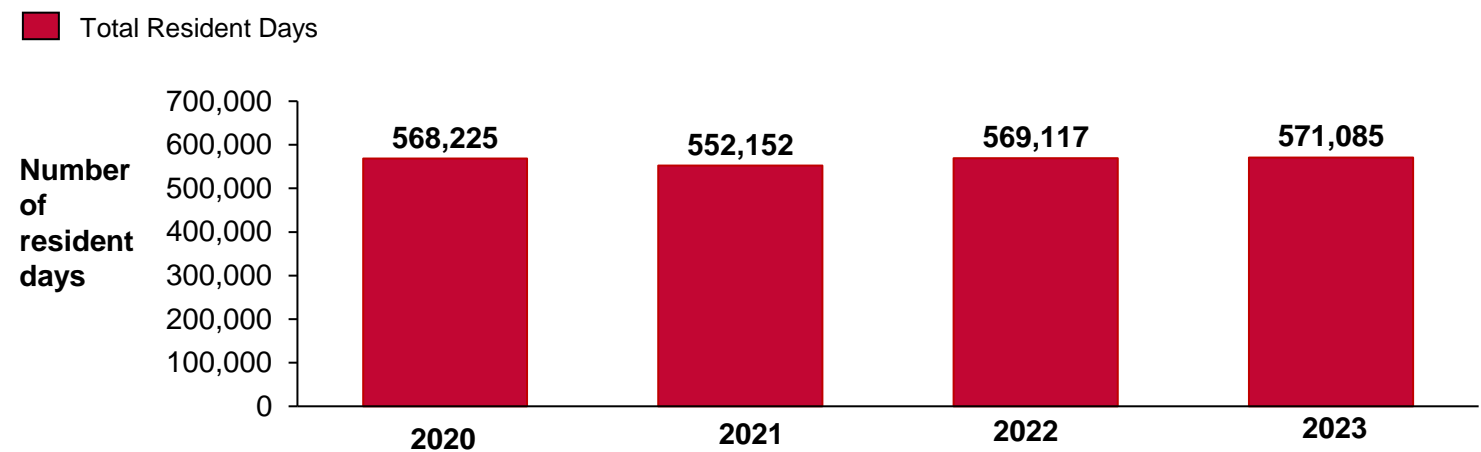
Over the last six fiscal years, total rest home spend has increased by **70%**, while occupancy has remained flat. Additionally, rest homes received **\$30M** in one-time supplemental lump-sum payments in FY23 and FY24.

*Occupancy reported for the calendar year. Estimated occupancy for FY2024 and FY2025.

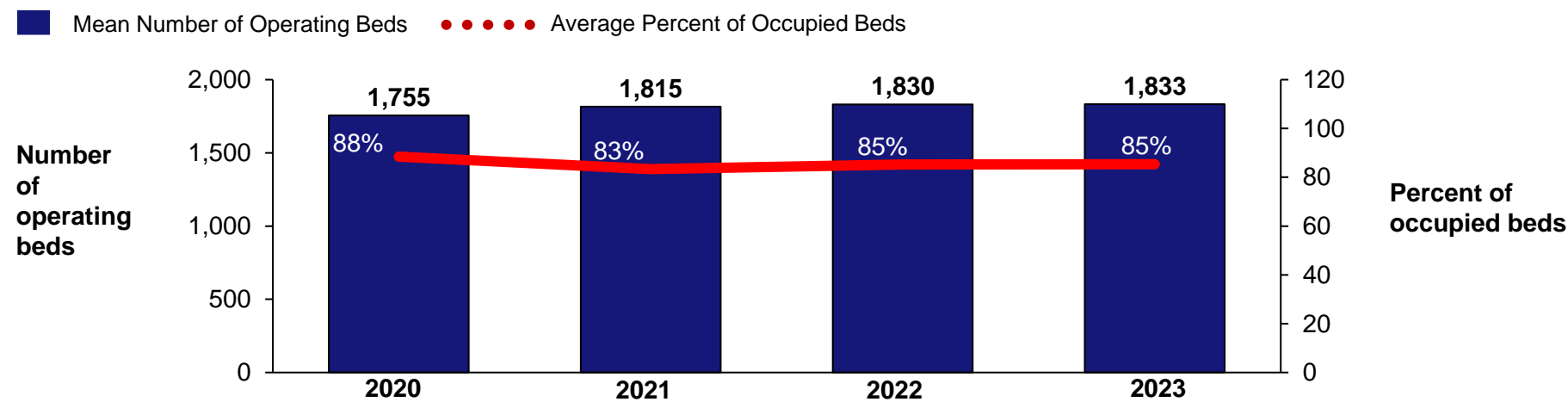
**Estimated spend for the fiscal year

Rest home beds and occupancy trends

Rest Home Resident Days (CY 2020 – CY2023)



Rest Home Resident Days (CY 2020 – CY2023)



Funding for Rest Homes

Over the past few years, rest home rates have been influenced by several factors: base funding, rates from the previous year, and additional funding earmarked by the Legislature.

Funding for Rest Homes Over the Last Four Years:

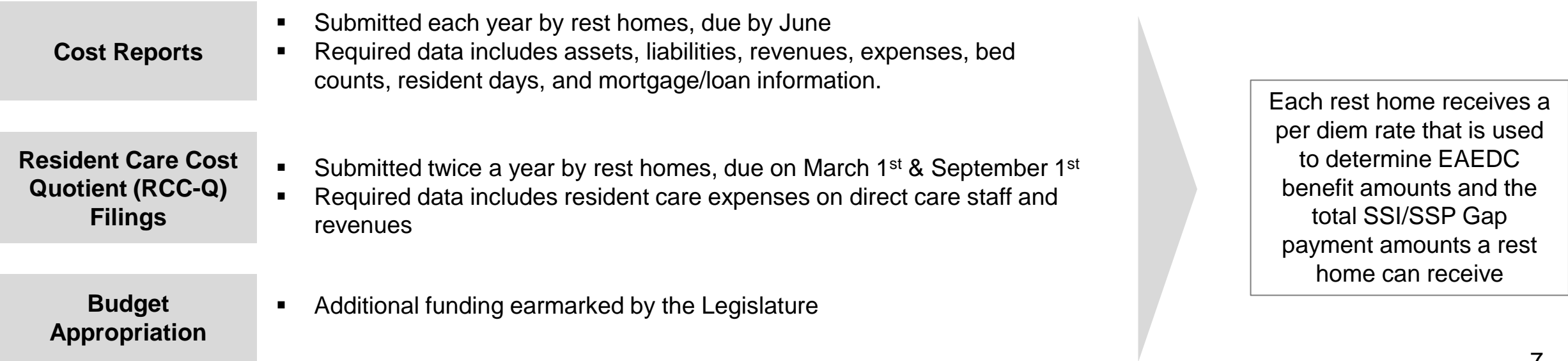
- FY22: \$4M allocated for rest home rate increases
- FY23: \$10M allocated for rest home rate increases, plus \$30M in one-time supplemental lump-sum payments (2022 Economic Development Bill)
- FY24: \$10M allocated for rest home rate increases
- FY25: Rates level funded; no additional funding

EOHHS, CHIA, and DTA evaluate costs, revenues and budget constraints yearly to determine rates



Rest home rates are required to be promulgated annually. The Center for Health Information and Analysis (CHIA), the Executive Office of Health and Human Services (EOHHS) and the Department of Transitional Assistance coordinate each year to promulgate new rates.

The following information is compiled and analyzed to determine rest home rates



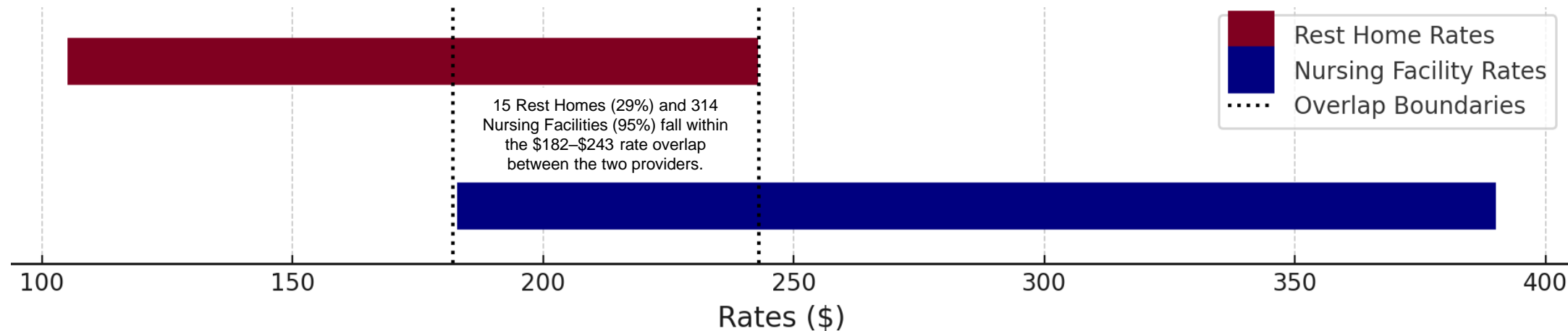
In RY25 9 rest home received rate decreases, some received rate increases and the majority remained the same as RY24

The table below outlines the fiscal impact for RY25 by rate component. CHIA utilized 2022 cost reports and applied the inflation adjustment (CAF) to establish RY25 rates, resulting in a savings of **\$15.8M**. However, after various add-ons and adjustments were incorporated, the fiscal impact netted to \$0.

Fiscal Impact	
Cost report rebase to 2022 & 6.98% Cost Adjustment Factor (CAF)	(\$15,810,000)
Removal of the GAFC Add-on	\$0
DTA & EAEDC Add-on	\$10,869,000
Resident Care Add-on	\$2,238,000
Hold Harmless Adjustment	\$3,476,000
RCC-Q Downward Adjustment	(\$773,000)
Total Fiscal Impact	\$0

- Rates were rebased to 2022 cost reports along with a 6.98% CAF increase
 - Even though rates are based on cost reports, the current methodology does not reflect this because of add-ons.
 - Rebasing to 2022 and updating inflation, without further adjustments, would result in a decrease to rates for 51 out of 52 rest homes and a savings of \$15M.
- The GAFC add-on was removed and the DTA, EADC, and Resident Care add-ons were adjusted to account for the necessary \$0 fiscal impact across all facilities
- After these adjustments were implemented the rest homes were held harmless to their final RY24 rates
- Lastly, the RCC-Q downward adjustments were implemented for all facilities whose RCC-Q score was below 80%
 - Based on FY24 RCC-Q scores, 9 facilities were below 80%, 8 of which will receive an overall rate decrease as a result
 - Based on audited FY23 RCC-Q scores, two facilities were below 80% after their RCC-Q audit last year. One of the two facilities will receive a slight decrease to its RY25 rate.
- All dollars related to the rate decreases were reinvested in the rate model leading to 13 facilities receiving an overall rate increase

Rest homes and nursing facilities are subject to different staffing requirements. However, the lower range of nursing facility rates is comparable to the rates of certain rest homes.



Rest homes shall provide:

- a) One responsible person on the premises at all times
- b) If less than 20 beds: at least one responsible person per 10 residents during the waking hours
- c) If more than 20 beds, at least one responsible person per unit at all times

* Responsible person: 21 years or older, hold at least a high school diploma, and possess good moral character with the ability to make mature and accurate judgments

Nursing facilities shall provide:

- (a) F/T director of nurses during the day shift.
- (b) F/T supervisor of nurses during the day shift, 5 days/week
- (c) RN 24 hours per day, 7 days/week for each unit
- (d) Sufficient staffing (RNs, LPNs, & CNAs): at least 3.58h/resident/day, of which at least 0.508h must be care provided to each resident by an RN. The facility must provide adequate nursing care to meet the needs of each resident, which may necessitate staffing that exceeds the minimum requirement.
- (e) Depending on a NF size, the facility may have to have a F/T social worker
- (f) Other staff (dietary, activities, etc.)

The Resident Care Cost Quotient (RCC-Q) allows EOHHS to track spending across Rest Homes

Background

- Given the significant increase in new funding in the last several years, EOHHS encouraged the industry to hire additional staff to ensure the safe provision of services and to help residents remain in the community
- To maintain accountability for the new funding, and after two years of negotiations, EOHHS introduced annual RCC-Q reports, similar to the DCC-Q reports for nursing facilities.
- If a rest home falls below the 80% threshold, a rate reduction of up to 5% is applied to the rest home’s rate.
- In RY24, 25% of the facilities did not allocate sufficient funds to resident care expenses, falling below the required threshold of 80%.

RCC-Q Calculation

- RCC-Q is calculated for each rest home by dividing resident care expenses (numerator) by the facility’s total revenue, excluding the revenue for non–residential care facility lines of business (denominator).

Expenses (numerator):

- | | |
|--|---|
| ▪ Administrator/Responsible Person Salaries | ▪ Quality Assurance Professionals |
| ▪ Clerical Salaries | ▪ Physician Services |
| ▪ Dietary (including supplies) | ▪ Interpreters |
| ▪ Nursing | ▪ Behavioral Health Staff |
| ▪ Recreational Therapy | ▪ Pharmacy Consultants |
| ▪ Housekeeping/Laundry (including supplies) | ▪ Staff Development Coordinators |
| ▪ Plant Operation, Maintenance, Security | ▪ Worker’s Compensation |
| ▪ Employee Benefits (pensions, health insurance, etc.) | ▪ Payroll Taxes |
| ▪ Social Service Workers | ▪ Other supplies (for example, personal protective equipment and over-the-counter medications, including infection control measures, incontinence supplies, etc.) |
| ▪ Community Support Coordinators | |

Revenue (denominator):

- Private Pay Resident Revenue
- Any Distributions from an Endowment Account to the Operating Account
- Public Pay Resident/Department of Transitional Assistance Revenue, including Patient Paid Amount (PPA)
- Non-MA Department of Transitional Assistance Revenue
- Massachusetts Commission for the Blind Revenue
- Other Revenue from Public Source(s) Not Provided Above, including from the Department of Veterans Affairs
- Ancillary Services Revenue

RCC-Q reports highlight key data on expenses and revenue

RCC-Q reports provide EOHHS with data from rest homes on their total yearly expenses and revenues which allows EOHHS to track trends in costs overall and across specific spend categories.

Based on two years of reported data, we have identified the following:

- The number of rest homes that met the 80% requirement has increased from 74% (38 out of 51) in FY23 to 78% (40 out of 51) in FY24
- For many rest homes the largest reported cost category is the salaries of their Administrator/Responsible person(s)
 - In FY24, 13 out of 51 rest homes spent 30% or more of their total resident care expenses on Administrator / Responsible person
 - Of those 13 rest homes, 5 are operated by the same owner, and these for-profit facilities report the highest Administrator/Responsible Person salaries across all rest homes. Four individuals in these roles collectively earned at least \$1.9 million in salaries across these 5 small facilities, which together have a total of 178 licensed beds.
- The majority of rest homes (37 out of 51) reported an increase in revenue from FY23 to FY24
- Some rest homes (10 out of 51) also reported a decrease in expenses from FY23 to FY24

Last year EOHHS conducted audits of FY23 RCC-Q reports for 5 rest homes who all reported an RCC-Q percentage of greater than 80%. The audit resulted in a reduction to the RCC-Q percentage (to below 80%) for two rest homes who could not produce documentation that supported all of their reported costs.

EOHHS has begun audits of FY24 RCC-Q reports for a new group of 5 rest homes.

Examining feasibility of receiving federal reimbursement for rest home expenses

- Rest home services are currently ineligible for federal reimbursement through FMAP, as they are not included in the list of Medicaid services approved by CMS.
- Public rest home residents often have MassHealth coverage, but they are not required to be on MassHealth to access rest home services.
- However, some residents with MassHealth coverage, such as those on MassHealth Standard, may qualify for certain LTSS services. Many residents already receive LTSS services, including Adult Day Health (ADH), Day Habilitation, and Home Health, for which MassHealth receives federal matching funds.
- With the new federal administration, it remains uncertain whether CMS policies will change and, if so, how those changes may impact rest home services.
- Under the current CMS rules, obtaining a waiver to cover certain services provided by rest homes would be challenging. Furthermore, even if CMS were to approve such a waiver, rest homes would then be subject to specific Medicaid requirements for service provision. Additionally, all residents receiving these services would need to be MassHealth members.

Appendix

Why Rest Home rates are promulgated on an emergency basis

There are several reasons for this approach:

1. Historically, EOHHS has promulgated rest home rates annually on either December 1 or January 1.
2. The non-emergency process typically takes 8–9 months. Following this timeline, the FY25 rates would not be promulgated until the end of the first quarter of FY26.
3. To ensure FY25 rates are promulgated by January 2025, the agency must utilize the emergency process.

EOHHS has consistently used the emergency process for rest home rates for many years.

RY25 rates and fiscal impacts for all Rest Homes

FY24 RCC-Q Score below 80%

FY23 Audited RCC-Q Score below 80%

Rest Home Name	Projected FY25 DTA & EAEDC Days	FY24 Current Rate Total	Proposed Per Diem	Proposed Per Diem Increase	RCC-Q Score
ANN'S REST HOME	2,865	\$130.80	\$130.80	\$0.00	181%
APPLEWOOD A HOME FOR ELDERS	9,367	\$174.49	\$174.49	\$0.00	96%
BEAVEN KELLY HOME	17,131	\$127.28	\$120.92	-\$6.36	69%
BROOKHAVEN ASSISTED CARE	6,058	\$116.58	\$141.05	\$24.47	80%
BURGOYNE REST HOME	2,563	\$109.69	\$118.39	\$8.70	97%
Cape Winds of Hyannis, Inc (Fraser)	10,033	\$109.53	\$111.02	\$1.49	24%
Cape Winds of Sandwich Inc (Fraser)	4,342	\$124.11	\$124.11	\$0.00	110%
CHARLTON MANOR RH, LLC.	6,166	\$120.89	\$126.86	\$5.97	80%
CRESCENT MANOR ASSISTED CARE, LLC	17,417	\$141.78	\$141.78	\$0.00	95%
CUSHING MANOR COMM.SUPP.FAC.,INC.	13,140	\$135.55	\$135.55	\$0.00	104%
DAGGETT-CRANDALL-NEWCUMB HOME	3,290	\$181.85	\$187.21	\$5.36	0%
DALTON REST HOME	9,985	\$138.71	\$138.71	\$0.00	81%
DARTMOUTH MANOR REST HOME	8,557	\$179.80	\$186.42	\$6.62	95%
DAUGHTERS OF ST.PAUL RESIDENTIAL CARE FACILITY	11,349	\$158.86	\$150.92	-\$7.94	63%
DODGE PARK REST HOME	9,472	\$207.95	\$207.95	\$0.00	83%
DONNA KAY REST HOME	18,117	\$136.56	\$136.56	\$0.00	82%
Elizabeth Catherine Rest Home, LLC	8,376	\$150.27	\$162.75	\$12.48	89%
ELLEN RICE REST HOME	4,161	\$137.82	\$137.82	\$0.00	95%
FAIRMOUNT REST HOME	8,788	\$136.81	\$136.81	\$0.00	90%
HALE-BARNARD CORPORATION	16,653	\$215.63	\$215.63	\$0.00	82%
HAVENWOOD REST HOME	13,973	\$140.94	\$140.94	\$0.00	80%
HILLSIDE REST HOME	5,843	\$135.39	\$135.39	\$0.00	81%
HOME FOR AGED WOMEN-BROOKHOUSE	12,172	\$179.94	\$177.24	-\$2.70	77%
HOMESTEAD HALL	2,525	\$183.38	\$183.38	\$0.00	87%
IVY HILL ASSISTED CARE, LLC	9,156	\$174.56	\$174.56	\$0.00	87%
LABELLE'S REST HOME	5,414	\$105.00	\$105.00	\$0.00	83%
LATHROP HOME	13,285	\$211.06	\$200.51	-\$10.55	63%

*Received an RCC-Q rate adjustment based on their RCC-Q score however the other add-on adjustments counteracted the RCC-Q decrease thus their overall rate will increase

RY25 rates and fiscal impacts for all Rest Homes

FY24 RCC-Q Score below 80%
FY23 Audited RCC-Q Score below 80%

Rest Home Name	Projected FY25 DTA & EAEDC Days	FY24 Current Rate Total	Proposed Per Diem	Proposed Per Diem Increase	RCC-Q Score
LINCOLN HILL MANOR*	9,460	\$154.63	\$146.90	-\$7.73	69%
LYNN SHORE REST HOME	9,988	\$138.47	\$140.19	\$1.72	79%
MARILLAC RESIDENCE	22,748	\$241.71	\$240.88	-\$0.83	79%
MILL POND REST HOME	5,503	\$143.96	\$143.96	\$0.00	148%
MT. PLEASANT HOME	20,820	\$242.83	\$242.83	\$0.00	81%
PENNY LANE	8,030	\$122.06	\$122.06	\$0.00	87%
PETTEE HOUSE (Stone Institute and Newton Home for Aged People)	3,172	\$205.29	\$210.00	\$4.71	94%
PLEASANT ACRES REST HOME LLC	4,411	\$150.60	\$150.60	\$0.00	82%
PLEASANT STREET REST HOME	20,981	\$120.60	\$120.60	\$0.00	79%
RIVER VALLEY REST HOME	3,350	\$114.54	\$122.10	\$7.56	79%
ROCKRIDGE/LAUREL PARK	10,132	\$200.41	\$198.41	-\$2.00	78%
SAINT LUKE'S HOME	27,299	\$116.66	\$110.83	-\$5.83	66%
SERENITY REST HOME, LLC	6,796	\$118.87	\$124.62	\$5.75	94%
SOPHIA SNOW HOUSE, INC.	3,618	\$206.74	\$206.74	\$0.00	0%
ST. JOSEPH'S ABBEY RES.CARE FAC INC.	2,862	\$230.93	\$230.93	\$0.00	83%
ST. JULIE BILLIART RES. CARE CTR.	11,998	\$224.74	\$224.74	\$0.00	92%
THE GERMAN HOME	7,256	\$155.88	\$155.88	\$0.00	83%
THE WILLOWS AT WORCESTER	1,970	\$191.29	\$191.29	\$0.00	95%
VILLAGE R.H. 2 OF BROCKTON	5,088	\$148.69	\$148.69	\$0.00	90%
VILLAGE REST HOME of easton	4,054	\$157.46	\$157.46	\$0.00	85%
VILLAGE REST HOME OF LEOMINSTER	8,456	\$149.90	\$162.37	\$12.47	79%
VNA SENIOR LIVING HIGHLAND CAMPUS	16,754	\$190.76	\$191.19	\$0.43	85%
WESTVIEW REST HOME	6,582	\$153.85	\$153.08	-\$0.77	78%
WILLOWBROOK MANOR REST HOME*	10,785	\$103.95	\$107.53	\$3.58	64%
WINTER HILL REST HOME	4,310	\$156.74	\$156.74	\$0.00	81%

*Received an RCC-Q rate adjustment based on their RCC-Q score however the other add-on adjustments counteracted the RCC-Q decrease thus their overall rate will increase

RY25 rates and fiscal impact for rest homes receiving a rate decrease

Name	Number of licensed beds	FY24 Current Rate	Proposed Per Diem	Proposed Per Diem Decrease	FY24 Revenue	Proposed Fiscal Impact	% Rate Decrease	FY23 RCC-Q Score	FY24 RCC-Q Score	Supplemental funds received in FY23	Supplemental funds received in FY24	Total Assets Reported on Cost Report	Cash & Cash equivalent reported on Cost Report
BEAVEN KELLY HOME	57	\$127	\$121	-\$6	\$2,492,774	-\$108,953	-5.00%	53%	69%	\$407,122	\$392,834	\$1,169,026	\$54,995
DAUGHTERS OF ST.PAUL	unlicensed	\$159	\$151	-\$8	\$1,821,036	-\$90,111	-5.00%	62%	63%	\$0	\$227,430	\$1,926,618	\$1,357,449
HOME FOR AGED WOMEN - BROOKHOUSE	36	\$180	\$177	-\$3	\$2,152,224	-\$32,864	-1.50%	72%	77%	\$257,130	\$248,106	\$5,562,737	\$786,803
LATHROP HOME	39	\$211	\$201	-\$11	\$2,694,234	-\$140,157	-5.00%	84%	63%	\$278,557	\$268,781	\$6,012,838	\$270,305
LINCOLN HILL MANOR*	30	\$155	\$147	-\$8	\$1,619,638	-\$73,126	-5.00%	68.6%*	69%	\$214,275	\$206,755	\$263,793	\$58,788
MARILLAC RESIDENCE	76	\$242	\$241	-\$1	\$5,192,250	-\$18,881	-0.34%	78%	79%	\$542,830	\$523,778	\$7,036,739	\$994,936
ROCKRIDGE/LAUREL PARK	61	\$200	\$198	-\$2	\$3,082,902	-\$20,264	-1.00%	100%	78%	\$328,555	\$317,024	\$165,004,500	\$29,331,125
SAINT LUKE'S HOME	89	\$117	\$111	-\$6	\$3,107,202	-\$159,153	-5.00%	57%	66%	\$635,682	\$613,372	\$2,623,058	\$90,166
WESTVIEW REST HOME	20	\$154	\$153	-\$1	\$1,039,661	-\$5,068	-0.50%	80%	78%	\$142,850	\$137,836	\$358,860	\$11,655

* The original RCC-Q score for Lincoln Hill FY23 was 93.6%. During the audit, the facility could not provide documents to support some of its costs, Therefore, the RCC-Q score was adjusted to 68.6% post-audit.