

MEDICAID RATES FOR FINANCIAL ALIGNMENT (DUAL DEMONSTRATION RATES) FAQs

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Q1. How will the Medicaid rates for the dual demonstration be calculated?

A1. **For January 1, 2014 through June 30, 2014, Medicaid dual demonstration prospective rates will be calculated as follows:**

- **PFY11 direct cost rate and indirect cost rate**
- **Inflated to midpoint March 31, 2014**
- **Lower of cost rate or SFY14 ceiling**
- **Total Per Diem Rate equals the sum of:**
 - **Direct cost rate adjusted for most current facility case mix**
 - **Indirect cost rate plus efficiency incentive**
 - **Most recent settled FRV plant rate**
 - **Cost rate for NATCEPS inflated to rate year**
 - **Criminal records check costs**

Payments to facilities for beneficiaries not in the dual demonstration will be unchanged. Beginning July 1, 2014, there is a proposed payment change to a prospective price-based methodology for all nursing facility payments. If approved by the 2014 General Assembly, demonstration rates will be based on the new methodology. See FAQs about the proposed new methodology at http://www.dmas.virginia.gov/Content_atchs/pr/pr-nfcc1.pdf for information about nursing facility rates for the dual demonstration beginning July 1, 2014.

Q2. How will inflation be determined for the dual demonstration rates for January 1, 2014 through June 30, 2014?

A2. **PFY12 and PFY13 inflation are based on regulations as a proxy for annual cost increases. SFY14 inflation of 2.2% will be used for PFY14 rates in SFY14, and adjusted for the March 31, 2014 midpoint.**

Q3. What impact will case mix scores have on the dual demonstration rates for January 1, 2014 through June 30, 2014?

A3. DMAS will use an average of normalized facility CMIs for quarters ending 03.31.13 and 06.30.13. This is the most current facility case mix available prior to the effective date.

Q4. How will the FRV capital rate for the dual demonstration be determined for January 1, 2014 through June 30, 2014?

A4. A prospective capital rate component will be a component of the total per diem rate. It will be based on the most recently settled FRV rate adjusted for rental rate changes and changes to the minimum occupancy requirement. DMAS will consider FRV adjustments for new beds or major renovations on a case by case basis during this period.

Q5. How are NATCEPS and criminal records checks calculated for the dual demonstration rates?

A5. NATCEPS will be calculated using the PFY11 rate times cumulative inflation. Criminal records checks will take PFY11 total costs divided by total days (no inflation).