

Explanation of FSSA Cost Build Up for the January through December 2021 Rate Period

The Calendar Year (CY) effective January 1, 2021, rates are based on the audited costs for facilities with fiscal periods ending in 2018, unless otherwise stated. These rates were calculated under the Assembly Bill (AB) 81 (Chapter 13, Statutes of 2020) methodology, utilizing an annual statutory mandated 3.5% weighted average rate increase and updated direct and indirect labor per diem caps (increased from 90% to 95%). The AB 81 methodology succeeds the AB 1629 methodology which sunset on December 31, 2020. The CY 2021 rates were calculated and adjusted for new state and federal mandates. (see 2021 Mandates Jan-Dec 2021 Add-Ons, column Z)

I. Facilities (Columns A through D): Office of Statewide Health Planning and Development (OSHPD) ID, the National Provider Identifier (NPI), Facility Name, and Fiscal Period End Date from the 2018 OSHPD Report.

II. Total Audit Days (Column E)

Each facility's audited total Freestanding Subacute (adult) days is based on each facility's fiscal period ending 2018 OSHPD Report.

III. Cost Categories

- a. **Column F** is the Direct Care Labor Per Diem. This amount includes labor costs (both permanent and temporary staff) for Skilled Nursing Personnel, Social Services Personnel, and Activities Personnel, inflated by the labor study inflation factor, and divided by the total audit days in column E.
- b. **Column G** is the Direct Care Labor Per Diem Cap (set at the 95th percentile). Each facility's per diem amount is compared to the Direct Care Labor Per Diem Cap.
- c. **Column H** is the Final Direct Care Per Diem. The lesser of the facility's Direct Care Labor Per Diem or the Direct Care Labor Per Diem Cap is shown here and used in the final rate calculation.
- d. **Column I** is the Indirect Care Labor Per Diem. This amount includes labor costs for:
 - a. Plant Operations and Maintenance Personnel,
 - b. Housekeeping Personnel,
 - c. Laundry/Linen Personnel,
 - d. Dietary Personnel,
 - e. In-Service Education Personnel,

Indirect Care Labor is inflated by the labor study inflation factor, and divided by the total audit days in column E.

- e. **Column J** is the Indirect Care Labor Per Diem Cap (set at the 95th percentile). Each facility's per diem amount is compared to the peer group Indirect Care Labor

Per Diem Cap.

- f. **Column K** is the Final Indirect Care Per Diem. The lesser of the facility's Indirect Care Labor Per Diem or the Indirect Care Labor Per Diem Cap is shown here and used in the final rate calculation.
- g. **Column L** is the Non- Labor Per Diem. This amount includes non-labor costs for:
- Skilled Nursing
 - Social Services
 - Activities
 - Plant Operations and Maintenance
 - Housekeeping
 - Laundry/Linen
 - Dietary
 - In-Service Education

Non-labor is inflated by the CCPI (California Consumer Price Index) inflation factor, and divided by the total audit days in column E.

- h. **Column M** is the Non-Labor Per Diem Cap (set at the 75th percentile). Each facility's per diem amount is compared to the peer group Non- Labor Per Diem Cap.
- i. **Column N** is the Final Non-labor Per Diem. The lesser of the facility's Non- Labor Per Diem or the Non- Labor Per Diem Cap is shown here and used in the final rate calculation.
- j. **Column O** is the Administration Per Diem. This amount includes total costs for Administration, Property Insurance, and Interest – Other. Administration is inflated by the CCPI inflation factor, and divided by the total audit days in column E.
- k. **Column P** is the Administration Cap (set at the 50th percentile). Each facility's per diem amount is compared to the Administration Per Diem Cap.
- l. **Column Q** is the Final Administration Per Diem. The lesser of the facility's Administration Per Diem or the Administration Per Diem Cap is shown here and used in the final rate calculation.
- m. **Column R** is the Liability Insurance Per Diem (PLI). PLI Per Diem is inflated by the CCPI inflation factor, and divided by the total audit days in column E.

- n. **Column S** is the PLI Cap (set at the 75th percentile). Each facility's per diem amount is compared to the PLI Per Diem Cap.
- o. **Column T** is the Final PLI Per Diem. The lesser of the facility's PLI Per Diem or the PLI Per Diem Cap is shown here and used in the final rate calculation.
- p. **Column U** is the FRVS per diem and is calculated based on parameters outlined in the State Plan Amendment. For the CY Year 01/01/2021 to 12/31/2021, facilities submitting voluntary supplemental capital schedules that were accepted by the Department were considered in the final FRVS per diem calculation.

IV. Pass-Through

- a. **Column V** is Property Tax Per Diem shown on Audit Schedule 1, line 45, inflated by a two percent per annum (0.16667% per month) inflation factor and divided by the total audit days in column E.
- b. **Column W** is License Fees Per Diem are calculated using the facility's contracted number of subacute beds shown on Audit Subacute Schedule 1, line 45, multiplied by the Department of Public Health fee per bed (\$1201 for LA County and \$888 Statewide for rates effective 8/1/2021.), and divided by the total audit days in column E.
- c. **Column X** is the total audited Caregiver Training expenditures, which includes costs for education that is organized to train students to enter a caregiver occupational specialty, divided by the total audit days in column E.
- d. **Column Y** is the Quality Assurance Fee Per Diem. Each facility that is assessed the QA Fee in Rate Period 01/01/2021 to 12/31/2021 will be reimbursed for the Medi-Cal portion of this fee.
- e. **Column Z** is the total for all add-ons (\$3.82) for CY Rate Period 01/01/2021 to 12/31/2021 mandated costs. The add-ons are the sum of:
 1. Minimum Wage (January 2021 SB 3) \$1.08
 2. Minimum Wage (January 2020 SB 3) \$0.86
 3. Minimum Wage (January 2019 SB 3) \$0.55
 4. Standards of Participation (Infection Control) \$1.31
 5. LGBT \$0.02

V. Pre Ratcheted Rates

- a. **Column AA** is the Ventilator Equipment Per Diem.
- b. **Column AB** is the Pre-Ratcheted Non-Ventilator Dependent Rate.
- c. **Column AC** is the Pre Ratcheted Ventilator Dependent Rate

VI. January- December 2021 Rate Period Final Ratcheted Rates and Payments.

- a. Column AD** is the Final January- December 2021 Rate Period Non-Vent Rate after Ratcheting ($AB^* 1.0321639$) to increase the program growth to 3.5%. For facilities undergoing or having recently undergone a Change of Ownership (CHOW), it is the prior owner's Non-Vent rate adjusted by add-ons and CCPI. For newly certified facilities, it is the statewide average Non-Vent Rate for CY 2021.
- b. Column AE** is the Final January- December 2021 Rate Period Vent Rate after Ratcheting ($AC^* 1.0395423$) to increase the program growth to 3.5%. For facilities undergoing or having recently undergone a Change of Ownership (CHOW), it is the prior owner's Vent rate adjusted by add-ons and CCPI. For newly certified facilities, it is the statewide average Vent Rate for CY 2021.