**Explanation of FSSA Cost Build Up for the January 2022-> December 2022 Calendar Year Rate Period**

The Calendar Year effective January 1, 2022, rates are based on the audited costs for facilities with fiscal periods ending in 2018, unless otherwise stated. These rates were calculated under the AB81 (Chapter 13, Statutes of 2020) methodology, utilizing an annual statutory mandated 2.4% weighted average rate increase and updated direct and indirect labor per diem caps (increased from 90% to 95%). The AB81 methodology succeeds the AB1629 methodology which sunset on December 31, 2020. The Calendar Year 2022 rates were calculated and adjusted for new state and federal mandates were calculated and adjusted for new state and federal mandates (see 2022 Mandates Jan-Dec 2022 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 2019 OSHPD Report.

**III. Cost Categories**

1. **Column F** is the Direct Care Labor Per Diem. It is the amount shown on Audit Schedule

1, line 41, which 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 F.

1. **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.
2. **Column H** is the Lower of Direct Care Per Diem. This represents the amount in column F unless the facility has reached the Direct Care Labor Per Diem Cap. The lesser of the facility’s cost per diem or the Direct Care Labor Per Diem Cap is shown here and used in the final rate calculation.
3. **Column I** is the Indirect Care Labor Per Diem. It is the amount shown on Audit

Schedule 1, line 42 which 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.

1. **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.
2. **Column K** is the Lower of Indirect Care Per Diem. This represents the amount in

Column I unless the facility has reached the Indirect Care Labor Per Diem Cap. The lesser of the facility’s cost per diem or the Indirect Care Labor Per Diem Cap is shown here and used in the final rate calculation.

1. **Column L** is the Non- Labor Per Diem. It is the amount shown on Audit Schedule 1, line

43 which 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 F.

1. **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.
2. **Column N** is the Lower of Non-labor Per Diem. This represents the amount in column L unless the facility has reached the Non- Labor Per Diem Cap. The lesser of the facility’s cost per diem or the Non- Labor Per Diem Cap is shown here and used in the final rate calculation.
3. **Column O** is the Administration Per Diem. It is the amount shown on Audit Schedule 1, line 50, which includes total costs for Administration, Property Insurance, and Interest – Other. Non-labor is inflated by the CCPI inflation factor, and divided by the total audit days in column E.
4. **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.
5. **Column Q** is the Lower of Administration Per Diem. This represents the amount in column O unless the facility has reached the Administration Per Diem Cap. The lesser of the facility’s cost per diem or the Administration Per Diem Cap is shown here and used in the final rate calculation.
6. **Column R** is the Liability Insurance Per Diem (PLI). It is the amount shown on Audit Schedule 1, line 47. PLI is inflated by the CCPI inflation factor, and divided by the total audit days in column E.
7. **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.
8. **Column T** is the Lower of PLI Per Diem. This represents the amount in column S unless the facility has reached the PLI Per Diem Cap. The lesser of the facility’s cost per diem or the PLI Per Diem Cap is shown here and used in the final rate calculation.
9. **Column U** is the FRVS per diem and is calculated based on parameters outlined in the State Plan Amendment and reflected in the column R. For the Rate Period Calendar Year 01/01/2022 to 12/31/2022, facilities submitting voluntary supplemental capital schedules that were accepted by the Department were considered in the final FRVS per diem calculation.

**IV. Pass-Throughs**

1. **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.
2. **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 ($1529.00 for LA County $918.00 for non-LA County), and divided by the total audit days in column E.
3. **Column X** is the Caregiver Training Per Diem shown on Audit Schedule 1, line 39, which includes costs for education that is organized to train students to enter a caregiver occupational specialty, and divided by the total audit days in column E.
4. **Column Y** is the Quality Assurance Fee Per Diem. Each facility that is assessed the QA Fee in Rate Period 01/01/2022 to 12/31/2022 will be reimbursed for the Medi-Cal portion of this fee.
5. **Column Z** is the total for all add-ons ($2.84) for Calendar Year Rate Period 01/01/2022 to 12/31/2022 mandated costs. The add-ons are the sum of:
6. Minimum Wage (January 2020 SB 3) $0.86
7. Minimum Wage (January 2021 SB 3) $1.08
8. Minimum Wage (January 2022 SB 3) $0.90

**V. Pre Ratcheted Rates**

**a. Column AA** is the Ventilator Equipment Per Diem.

**b. Column AB** is the Pre-Ratcheted Non-Ventilator Dependent Rate. For New Owners it is the Non-Ventilator Statewide Weighted Average. For Change of Ownership (CHOW) it is the prior owner’s rate adjusted by add-ons and CCPI.

**c.** **Column AC** is the Pre Ratcheted Ventilator Dependent Rate. For New Owners it is the Ventilator Dependent Statewide weighted average including the weighted average facility. For CHOWs it is the prior owner’s rate adjusted by add-ons and CCPI.

**VI. January- December 2022 Rate Period Final Ratcheted Rates and Payments.**

1. **Column AD** is the Final January- December 2022 Rate Period Non-Vent Rate after Ratcheting (AB\*1.02687389) to increase the program growth to 2.4 %.
2. **Column AE** is the Final January- December 2022 Rate Period Vent Rate after Ratcheting (AC\*1.03423422) to increase the program growth to 2.4%.