

**COUNTY OF SAN MATEO
Departmental Correspondence**

DATE: September 4, 2001
HEARING DATE: September 11, 2001

TO: Honorable Board of Supervisors
FROM: Margaret Taylor, Interim Director, Hospitals and Clinics *MT/ma*
SUBJECT: Resolution Establishing Medical Institution Rates for Long-Term Care

RECOMMENDATION

Adopt a resolution establishing medical institution rates for Long-Term Care.

Background

The inpatient service rate for Long-Term Care was last increased in April 1996. Currently, this rate is \$260 per day.

Medicaid and Medicare reimbursement for long-term care services is based on the relationship between allowable costs and charges. If a facility's charges are lower than allowable costs, government payers will pay the lower amount. Therefore, it is important that charges always be maintained at a level above costs.

Discussion

On August 27, 2001, San Mateo County Health Center received correspondence from the State Department of Health Services (SDHS) with information about the most recent Medi-Cal rate increase for Long-Term Care services. The new rate is \$231.30 per patient day. However, this letter also contained information about daily long-term care costs recognized as allowable by the State, based on the most recent audit. The State now recognizes allowable costs of \$488.51 per day for long-term care. It is anticipated that a portion of the daily costs above the current reimbursement of \$231 per day may also be reimbursed, based on the recently adopted State budget for 2001-02. Therefore, it is critical that charges be increased above the currently recognized cost level.

The new proposed daily rate is \$500. This new rate will ensure the Long-Term Care Unit does not lose any reimbursement funding in FY 2000-01. Charges for all services will be reviewed annually and continue to be adjusted as necessary.

Because the Health Center just received the correspondence from SDHS in late August, this rate increase proposal has not been brought to the Hospital Board of Directors for a

recommendation. However, it is in the best interest of the County to expedite approval of this rate increase to ensure no long-term care financial reimbursement is lost in 2000-01.

Fiscal Impact

Currently, 98% of long-term care days are for patients covered by Medi-Cal or Medicare. This rate increase will not affect reimbursement from these programs directly. However, it will ensure that no reimbursement funding is lost due to allowable costs that are higher than charges. Based on the 2.5% private pay patients in Long-Term Care, this increase is anticipated to result in approximately \$30,000 in additional revenue from sources other than Medi-Cal and Medicare, an amount already included in the 2001-02 budget. This rate increase will be effective as of September 1, 2001.

Recommended


Health Services

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

RESOLUTION ESTABLISHING MEDICAL INSTITUTION RATES FOR
LONG-TERM CARE

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, for the purpose of charging and collecting from patients in San Mateo County Health Center's Long-Term Care Unit for services rendered by the County of San Mateo for care and treatment in Long-Term Care, the Board of Supervisors established rates to be charged for such services; and

WHEREAS, the current rates have been in effect since 1996; and

WHEREAS, current rates will not meet actual costs; and

WHEREAS, it is the best interest of the County to maintain charges higher than costs for cost settlements from Medicare and Medi-Cal;

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the daily rates for services rendered at Long-Term Care as of September 1, 2001, are hereby determined to be:

D/P Rehabilitation

\$500/day