

**Methods and Standards for Establishing Payment Rates
Skilled Nursing and Intermediate Care Facility Rates
(NFs and NFs-MH)**

Disaster Relief Provision

As provided for in L. 2008, ch. 184 sec. 40, to recognize the high cost of clean up and renovations made necessary by the 2007 natural disaster that occurred in Southeast Kansas, per diem rates for providers forced to close and subsequently re-open as new providers within the affected area will be determined from a projected cost report.

Qualifying Providers

Only providers located within a county designated by major disaster declaration FEMA-1711-DR, which also remained closed for a period of nine months or more as a result of such 2007 disaster caused by the flooding and other severe weather in Southeast Kansas, and which subsequently re-opened as new providers (unrelated to the previous operator or owner), will be eligible for this provision. These providers will be considered in disaster relief status.

Rate Determination

The per diem rate for each qualifying provider shall be determined on an interim basis from a projected cost report. Once the qualifying provider has completed its first 12 months of operation, the provider will be required to file an historical cost report covering the same period as the projected cost report. The historical cost report will be used to recalculate all rates set from the projected cost report and a direct cash settlement will be required to cover the cost of any overpayment or underpayment.

All cost data used to set rates for qualifying providers shall be adjusted to the midpoint of the rate payment period. This adjustment will be based on the Data Resources, Inc., National Skilled Nursing Facility Market Basket Without Capital Index (DRI Index). The DRI indices listed in the latest available quarterly publication will be used to adjust the reported cost data from the midpoint of the cost report period to the midpoint of the rate payment period. The provider shall remain in disaster relief status until they have completed one full calendar year in the Medicaid program and the base data is reestablished. During this time, the adjusted cost data from the projected and subsequent historical cost reports shall be used to determine all rates for the provider. Any additional factor for inflation that is applied to cost data for established providers shall be applied to the adjusted cost data for each provider in disaster relief status.

Once the provider exits disaster relief status, the per diem rates will be determined from its historical calendar year cost reports that fall within the base period.