

NOTICE

DEPARTMENT OF PUBLIC WELFARE

(55 Pa. Code Chapter 1187)

Peer Groups and Peer Group Medians for General Nursing Facilities, County Nursing Facilities, Hospital-Based Nursing Facilities and Special Rehabilitation Facilities

By this notice, in accordance with 55 Pa. Code §1187.95(a)(4), the Department of Public Welfare announces its peer groups, peer group medians and peer group prices for general nursing facilities, county nursing facilities, hospital-based nursing facilities and special rehabilitation facilities. The peer groups, peer group medians and peer group prices established pursuant to this Notice have been calculated as provided by 55 Pa. Code Chapter 1187 (25 Pa.B. 4477 (October 14, 1995)), and shall be effective for services rendered from July 1, 1996 to June 30, 1997.

To establish the data base for the calculation of peer group median and prices, the Department used each facility's two most recent audited cost reports that were on file with the Department by March 31, 1996 and indexed the costs for each report forward to the common date of December 31, 1996 using the HCFA Nursing Home Without Capital Market Basket Index.

Below is a listing, by group, of the number of facilities with a particular year-end and the inflation factor used to roll the costs of each facility forward to the common date of December 31, 1996.

GENERAL and COUNTY NURSING FACILITIES

<u>Facility Year End</u>	<u>Number of Facilities*</u>	<u>Inflation Factor</u>
June 30, 1989	1	1.3324
June 30, 1990	2	1.2521
December 31, 1990	3	1.2150
June 30, 1991	8	1.1963
December 31, 1991	18	1.1744
June 30, 1992	21	1.1514
December 31, 1992	151	1.1329
June 30, 1993	247	1.1107
December 31, 1993	296	1.0902
June 30, 1994	240	1.0743
December 31, 1994	160	1.0581

HOSPITAL-BASED NURSING FACILITIES

<u>Facility Year End</u>	<u>Number of Facilities*</u>	<u>Inflation Factor</u>
June 30, 1992	3	1.1514
June 30, 1993	25	1.1107
June 30, 1994	22	1.0743

SPECIAL REHABILITATION FACILITIES

<u>Facility Year End</u>	<u>Number of Facilities*</u>	<u>Inflation Factor</u>
June 30, 1993	3	1.1107
June 30, 1994	3	1.0743

*As a result of using the two most recent audited cost reports, the "Number of Facilities" column reflects a number in excess of actual enrolled nursing facilities.

After the data base was inflated using the above inflation values, the Department grouped the facilities in the correct geographic and bed size groupings. To establish peer groups, the Department used the most recent MSA group classification, as published by the Federal Office of Management and Budget on or before April 1, 1996 to classify each nursing facility into one of three MSA groups or one non-MSA group. Then the Department used the bed complement of the nursing facility on the final day of the reporting period of the most recent audited MA-11 used in the NIS database to classify nursing facilities into one of three bed complement groups. These groups are 3 - 119 beds; 120 - 269; and 270 and over. Peer groups 7 and 10 have been collapsed in accordance with § 1187.94(1)(iv).

Once the data base was established and the peer groups determined, the Department then calculated the medians and prices for each peer group. To calculate the resident care cost medians, the Department divided the audited allowable resident care costs for each cost report by the total facility CMI from the available February 1 picture date closest to the midpoint of the cost report period to obtain case-mix neutral total resident care cost for the cost report year. The Department then divided the case-mix neutral total resident care cost for each cost report by the total audited actual resident days for the cost report year to obtain the case-mix neutral resident care cost per diem for the cost report year. The Department calculated the two year arithmetic mean of the case-mix neutral resident care cost per diem for each nursing facility to obtain the average case-mix neutral resident care cost per diem of each nursing facility. The Department arrayed the average case-mix neutral resident care cost per diem for each nursing facility within the respective peer groups and determined a median for each peer group.

To calculate the other resident related cost medians, the Department first divided the audited allowable other resident related costs for each cost report by the total audited actual resident days for the cost report year to obtain the other resident related cost per diem for the cost report year. The Department calculated the two year arithmetic mean of the other resident related cost for each nursing facility to obtain the average other resident related cost per diem of each nursing facility. The Department arrayed the average other resident related cost per diem for each nursing facility within the respective peer groups and determined a median for each peer group.

To calculate the administrative cost medians, the Department adjusted, as appropriate, the total audited actual resident days for each cost report to a minimum 90% occupancy in accordance with § 1187.23. The Department then divided the audited allowable administrative cost for each cost report by the total audited actual resident days, adjusted to 90% occupancy, if applicable, to obtain the administrative cost per diem for the cost report year. The Department calculated the two-year arithmetic mean of the administrative cost for each nursing facility to obtain the average administrative cost per diem of each nursing facility. The Department arrayed the average administrative cost per diem for each nursing facility within the respective peer groups to determine a median for each peer group.

After the medians were determined for each peer group, the Department set prices using the medians. To set peer group prices, the Department multiplied the resident care cost median of each peer group by 1.17 to obtain the resident care cost peer group price; multiplied the other resident related cost median of each peer group by 1.12 to obtain the other resident related peer group price; and, multiplied the administrative cost median of each peer group by 1.04 to obtain the administrative cost peer group price.

The peer groups, peer group medians and peer group prices of general and county nursing facilities, hospital-based and special rehabilitation nursing facilities effective July 1, 1996 are listed in Annex A. The Department will use the peer groups, peer group medians and peer group prices to determine case-mix rates for nursing facilities for the period July 1, 1996 through June 30, 1997.

Public comment on these changes may be sent to: Gail Routsong, Medical Assistance Program Specialist, Department of Public Welfare, Division of Provider Services, Post Office Box 8025, Harrisburg, Pennsylvania 17105.

Feather O. Houstoun

Secretary

Department of Public Welfare