



WHCA/IHCA FALL CONFERENCE 2026

Every Rate Tells a Story: Idaho, Washington and Medicare Reimbursement Update

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Outline for the Story

What happened on 7/1/26

Idaho

Washington

What does the picture tell us for Medicare

What will the future story tell us



Chapter 1: Idaho





The story begins...

7/1/21

State implemented current rate methodology

Included a mechanism to limit rate growth

State chose 2019's budget of \$226,709,407

Incentives for efficiency and quality added

Every July 1

Costs rebased

Updated Direct Care and Indirect Prices, FRV, inflation

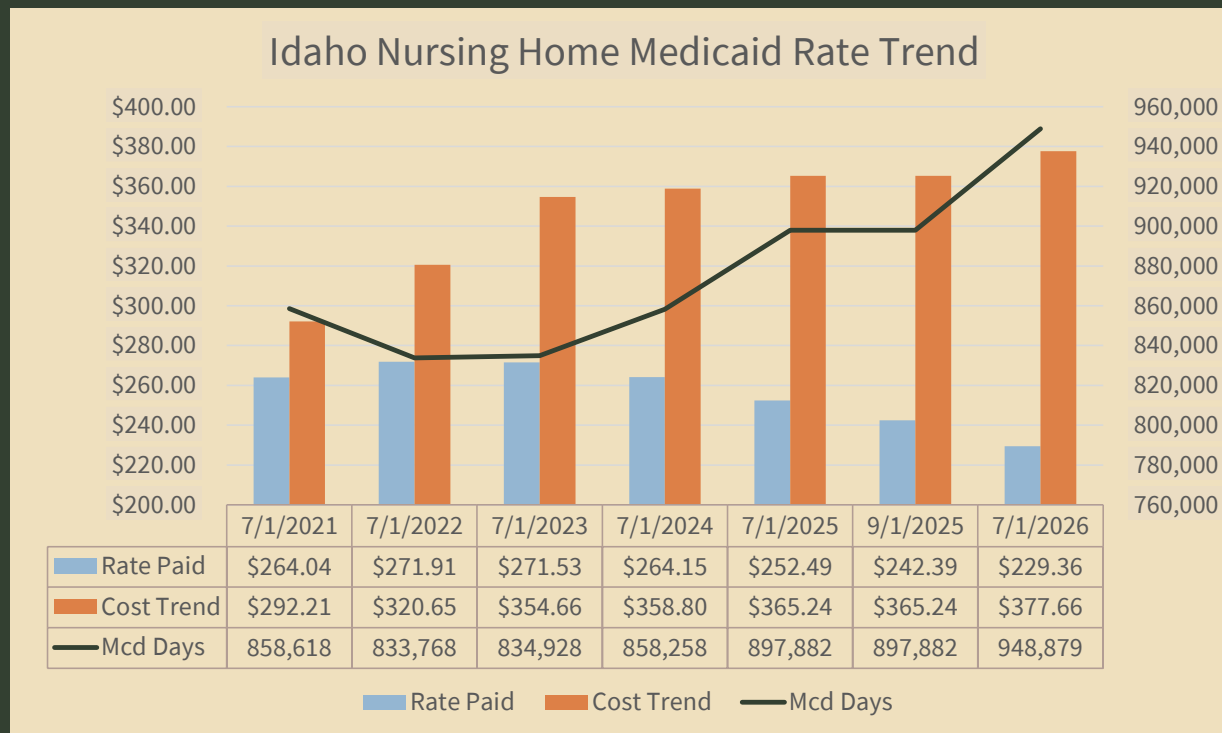
Budget Adjustment Factor

Total Facility CMI Updated

Medicaid CMI updates



The story continues



The UPL factor



Meant to pay the Medicare equivalent rate for Medicaid residents

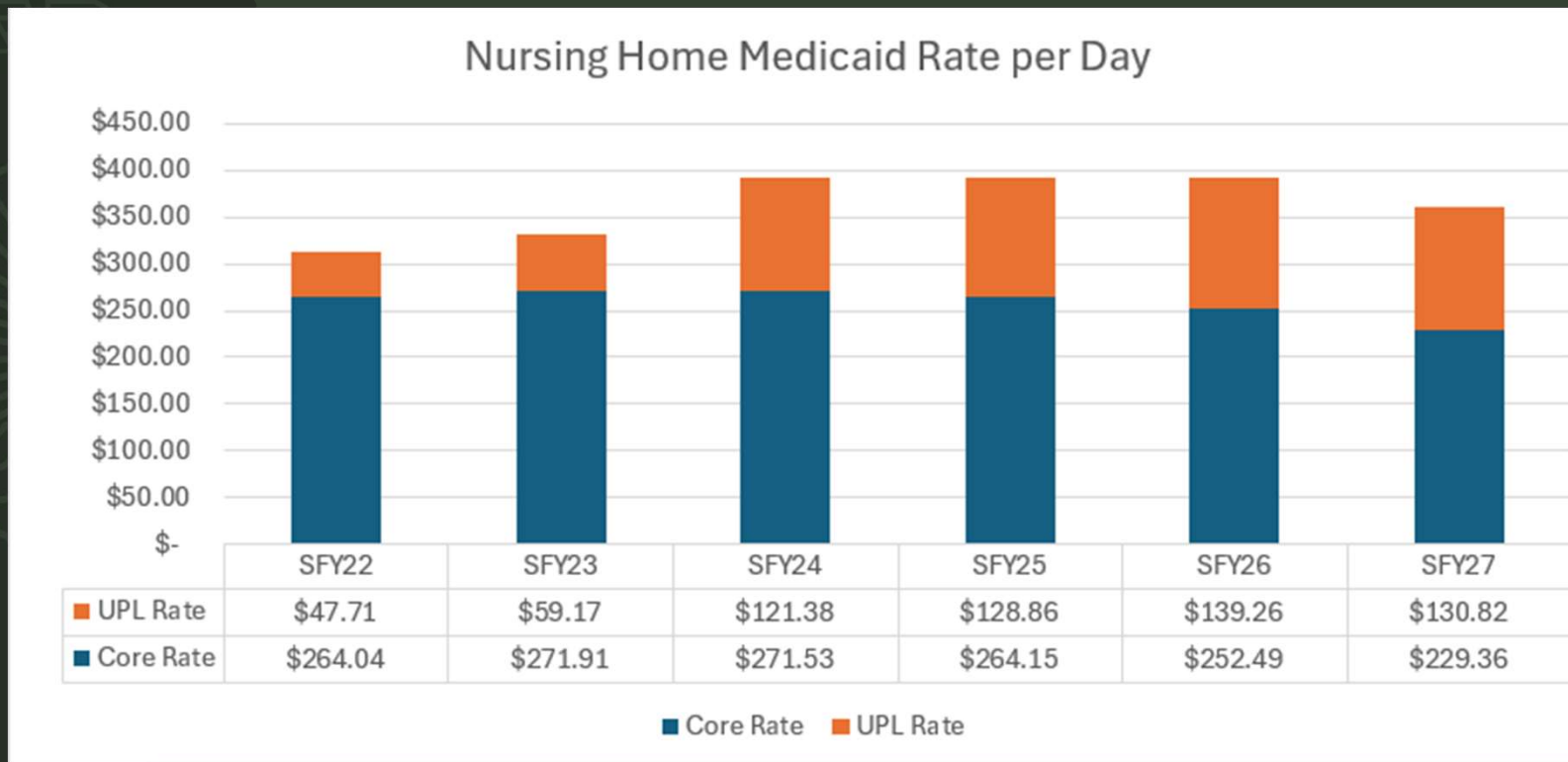


Funded by the providers and all of the federal match, less an administrative fee, returned to the providers



Quality tier matters – 90%, 95%, or 100% levels

The whole picture



The numbers behind the scene

COMPONENT	SFY 2027	SFY 2026	CHANGE
INDIRECT	108.63	106.33	2.17%
DIRECT – FREE STANDING	143.85	147.65	-2.57%
DIRECT – BCU	181.68	186.47	-2.57%
MEDICAID DAYS	948,879	897,882	5.67%
BUDGET ADJUSTMENT FACTOR	37.49%	30.87%	-6.82%
UPL RATE	139.26	130.82	-6.06%
% OF UPL ROOM	57.84%	81.0%	-23.16%
PROVIDER TAX	34.68 ⁸	37.69	-8.00%

How to change the view in Idaho



Case mix



Cost coding



Efficiency Incentive



Charge capture

Case Mix – Total vs Medicaid

Direct Costs	7/1/2026		7/1/2026		7/1/2026	
Case Mix Portion of Costs	\$	5,924,353	\$	5,924,353	\$	5,924,353
Food	\$	320,224	\$	320,224	\$	320,224
Medicaid Ancillary Costs	\$	82,063	\$	82,063	\$	82,063
Gross Up of Ancillaries	\$	41,227	\$	41,227	\$	41,227
Inflation		487,253	\$	487,253	\$	487,253
Total Facility CMI - CR		1.4460		1.5671		1.5671
CMI Neutral Adj		(1,968,065)		(2,309,011)		(2,309,011)
Direct Care Cost PPD	\$	142.51	\$	132.57	\$	132.57
Price	\$	181.68	\$	181.68	\$	181.68
% Margin		3%		3%		3%
Allowable Margin	\$	5.45	\$	5.45	\$	5.45
Lower of Cost + Margin or Price	\$	147.96	\$	138.02	\$	138.02
% of Direct to Case Mix Adjust		90.25%		90.25%		90.25%
Case Mix Adjusted Cost PPD	\$	133.53	\$	124.56	\$	124.56
Medicaid CMI - Rate Period		1.5671		1.5700		1.4500
Direct Care Rate		223.68		209.02		194.07
		108%		100%		93%

Cost Coding

Direct Care

Nursing Wages/Benes/Agency

Social Services

Raw Food

Medicaid portion of Ancillaries

Indirect

Administrative

Medical Records

Laundry

Housekeeping

Maintenance

Activities

Dietary – wages, benefits and supplies

Look beyond the Indirect label

100% Included	Portion included based on statistic
Activities	Medical Records
Laundry	Housekeeping
Dietary	Administrative
QAPI and Education (new)?	Maintenance

Reward for Efficiency: Margin Caps

Indirect costs

- Keep up to 5% if costs below price (max \$5.43 ppd)

Direct care

- Quality tier determines %
- 1 – 3%
- NF - \$1.44 - \$4.32 PPD
- BCU - \$1.82 - \$5.45 PPD



Capturing the ancillary charge picture

Medicaid ancillaries are included based on the percentage of charges

If not charging, can be considered routine

Make sure private pay letter matches practice of how ancillaries are recorded



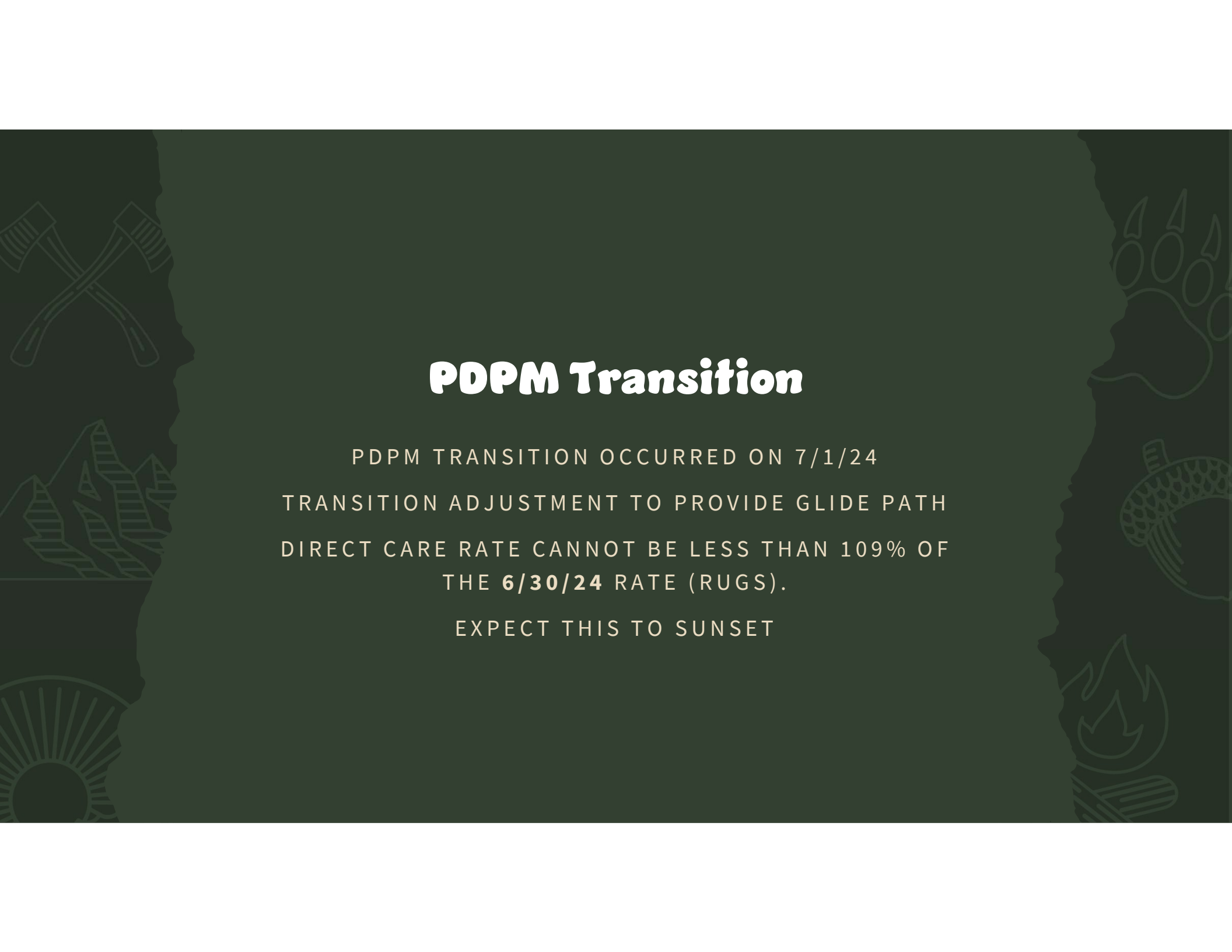
Chapter 2: Washington



7/1/26 Story

- Rebase from 2022 to 2024 for Direct and Indirect
- PDPM transition add-on
- Hold harmless to limit rate decrease below 6/30/26 rate
- Wage equity add-on decreased to 50%
- License fee increase
- Semi-annual CMI and Quality Measure Updates





PDPM Transition

PDPM TRANSITION OCCURRED ON 7/1/24
TRANSITION ADJUSTMENT TO PROVIDE GLIDE PATH
DIRECT CARE RATE CANNOT BE LESS THAN 109% OF
THE **6/30/24** RATE (RUGS).
EXPECT THIS TO SUNSET

Hold Harmless Protection



Rate cannot be lower than the 6/30/26 rate



Compares rate on a total basis



Paid for by a 1.755% reduction in rates to anyone that had a rate increase

Bed license fee per licensed bed growth

- Change occurs on next license renewal date after the effective date
- Prior to 7/1/25 \$359 per bed
- 7/1/25 \$814 per bed
- 7/1/26 \$834 per bed
- Rate add-on
 - \$1.25 per Medicaid day effective 7/1/25
 - \$1.30 per Medicaid day effective 7/1/26



Bed Banking changes the picture

Benefits

- Reduces license fee
- Reduces minimum occupancy imputed days
- If sq ft per bed < max allowable sq ftg, increases the allowable building value and FRV rate



CONVERTS BEDS TO
ALTERNATE USE



BANKING LASTS FOR UP
TO 4 YEARS PLUS AN
ADDITIONAL 4-YEAR
EXTENSION



BEDS AT END OF COST
REPORT YEAR USED TO
CALCULATE THE BEDS
USED IN RATE
CALCULATION



REQUIRES APPROVAL
FROM BUILDING OWNER



REQUEST MUST BE
MADE AT LEAST 30 DAYS
BEFORE EFFECTIVE DATE



REQUIRES
CONSTRUCTION REVIEW
APPROVAL

Case Mix – Zooming in

- Utilizes PDPM – Nursing only HIPPS
- Weighted average CMI
- Medicaid CMI includes all MDS's with a Medicaid number or + for pending
- Defaults:
 - Good default – HD2
 - Resident expires or discharges to acute before initial assessment
 - Bad default – BC1
 - Discharged for any other reason
 - Late Assessments
- Every .01 change = \$1.90



Direct Care Settlement



Must spend the Direct Care Rate, OR pay it back



Weighted average of 1/1 and 7/1 rates



Includes PDPM Transition add-on



Can keep up to 1% if you have “good” survey results



Future rate impacted if direct care rate is greater than 118% of base year costs



Question remains – How will the Hold Harmless adjustment be treated?



Chapter 3: Medicare





MEDICARE CHANGE IS MORE
THAN JUST THE MARKET BASKET
INCREASE OF 2.4%

Wage Index
Value Based Purchasing (VBP)
Quality Reporting Penalty (QRP)

Wage Index changes

		FY2026 Effective Wage Index	FY2026 Wage Index increase	FinalRule FY2027	FY2027 Effective Wage Index	FY2027 Wage Index Change
BoiseCity,ID	AdaCounty,Idaho	0.9689	8.29%	0.9438	0.9438	-2.59%
	Boise County, Idaho					
	Canyon County, Idaho					
	Gem County, Idaho					
	Owyhee County, Idaho					
Coeur d'Alene, ID	Kootenai County, Idaho	0.9905	7.04%	0.9626	0.9626	-2.82%
Idaho Falls, ID	Bonneville County, Idaho	0.8009	-3.98%	0.8062	0.8062	0.66%
	Butte County, Idaho					
	Jefferson County, Idaho					
Lewiston, ID-WA	Asotin County, Washington	0.8985	-5.00%	0.8962	0.8962	-0.26%
	Nez Perce County, Idaho					
Twin Falls, ID	Jerome County, Idaho	0.9347	8.86%	0.9183	0.9183	-1.75%
	Twin Falls County, Idaho					
Idaho	Rural	0.6858	-5.00%	0.6972	0.6972	1.66%
Washington	Rural	0.9712	3.58%	1.1141	1.1141	14.71%
Portland-Vancouver-Hillsboro, OR-WA	Clackamas County, Oregon	1.1783	-0.78%	1.1572	1.1572	-1.79%
	Clark County, Washington					
	Columbia County, Oregon					
	Multnomah County, Oregon					
	Skamania County, Washington					
	Washington County, Oregon					
	Yamhill County, Oregon					
Bellingham, WA	Whatcom County, Washington	1.2111	-5.00%	1.0985	1.1505	-5.00%
Everett, WA	Snohomish County, Washington	1.1663	2.15%	1.2009	1.2009	2.97%
Spokane-Spokane Valley, WA	SPOKANE, WA	1.1032	2.36%	1.1014	1.1014	-0.16%
	STEVENS, WA					
Mount Vernon-Anacortes, WA	SKAGIT, WA	0.9453	-3.27%	1.0307	1.0307	9.03%

Value Based Purchasing Changes

Measure and Link to Technical Report	FY 2025 Program Year	FY 2026 Program Year	FY 2027 Program Year	FY 2028 Program Year
SNFRM (PDF)	Yes	Yes	Yes	-
SNF HAI (PDF)	-	Yes	Yes	Yes
DTC PAC SNF (PDF)	-	-	Yes	Yes
Long Stay Hospitalization	-	-	Yes	Yes
Nursing Staff Turnover (PDF)	-	Yes	Yes	Yes
Total Nurse Staffing (PDF)	-	Yes	Yes	Yes
Discharge Function Score (PDF)	-	-	Yes	Yes
Falls with Major Injury (Long-Stay) (PDF)	-	-	Yes	Yes
Skilled Nursing Facility Within-Stay Potentially Preventable Readmission (SNF WS PPR) Measure (PDF)	-	-	-	Yes

When was the picture taken for FY 2027?

Quality measure	Baseline period	Performance period
SNFRM	FY 2023 (10/1/2022–9/30/2023)	FY 2025 (10/1/2024–9/30/2025)
SNF HAI	FY 2023 (10/1/2022–9/30/2023)	FY 2025 (10/1/2024–9/30/2025)
DTC PAC SNF	FY 2021–FY 2022 (10/1/2020–9/30/2022)	FY 2024–FY 2025 (10/1/2023–9/30/2025)
Long Stay Hospitalization	FY 2023 (10/1/2022–9/30/2023)	FY 2025 (10/1/2024–9/30/2025)
Nursing Staff Turnover	FY 2023 (10/1/2022–9/30/2023)	FY 2025 (10/1/2024–9/30/2025)
Total Nurse Staffing	FY 2023 (10/1/2022–9/30/2023)	FY 2025 (10/1/2024–9/30/2025)
Discharge Function Score	FY 2023 (10/1/2022–9/30/2023)	FY 2025 (10/1/2024–9/30/2025)
Falls with Major Injury (Long-Stay)	FY 2023 (10/1/2022–9/30/2023)	FY 2025 (10/1/2024–9/30/2025)



Quality Reporting Penalty (QRP)

Can lose up to 2% of rate for the following:

- DASH Penalty

- COVID Reporting – Sunsets with 10/1/27 rates

Changes coming:

- 15th day of the 2nd month following the end of the quarter (Ex 2/15 for Q4) for MDS modifications

- FY 2031 – Measures will include data from all skilled residents, not just Medicare due to MDS submission updates

Feedback requested on Advanced Care Planning which could become a future measure



Future Funding Solutions

Future initiatives

Idaho

Rural Health Transformation Act Grants

Rural Facility Rate Add-on

Restoration of 4% budget reduction

**Funding of Budget Adjustment Factor or
limiting growth caused by increased
Medicaid days**





Future Initiatives

Washington

Rebase to 2026 in question

Back of budget funding

**Transition to a Rate Setting
Committee**



Thank you

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