

REBECCA PASTERNIK-IKARD  
CHIEF EXECUTIVE OFFICER



MARY FALLIN  
GOVERNOR

STATE OF OKLAHOMA  
OKLAHOMA HEALTH CARE AUTHORITY

SPARC Agenda  
September 12, 2017  
1:00 PM  
OHCA Boardroom

---

**Rate issues to be addressed:**

1. Private Duty Nursing Rates



## PRIVATE DUTY NURSING RATES

**1. IS THIS A RATE CHANGE OR A METHOD CHANGE?**

Rate Change

**2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?**

Increase

**3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?**

OHCA proposes to increase the rate paid for private duty nursing (T1000) from \$6.30 per 15 min unit (\$25.20 / hour) to \$7.55 per 15 min unit (\$30.20 / hour). The last rate adjustment was in January 2007. Private Duty Nursing (PDN) rates have not kept pace with wage inflation, business expense inflation or home health market basket adjustments as published by CMS. PDN utilizes Registered Nurses and Licensed Practical Nurses to perform their services and due to the low rate there has been a difficulty recruiting and retaining nurses.

The PDN provider with the largest impact most recently had been in the OKC and Tulsa market since approximately 2004. They closed their Tulsa office in November 2016. At that time, most of their Tulsa area cases were transitioned to management by the OKC office, but a few were absorbed by one of the remaining agencies in Tulsa. In July 2017, they left the Oklahoma market altogether. This required transition of approximately 20 – 25 cases to the remaining PDN agencies. Another agency out of Antlers had provided PDN services to the southeastern portion of the state from mid-2000s until approximately 2012-2013. Our understanding is that they left the PDN market due to the difficulty in attracting and keeping nursing staff. Another agency in Chickasha provided services from 2006 to 2009 and also left the market due to inability to attract staff. Currently, only three organizations remain that provide PDN services to OK Medicaid children.

The adjustment attempts to better align rates with the current economic situation experienced by this industry in Oklahoma and increase PDN agencies ability to recruit and retain nurses.

This change will not impact payment for children in state custody.

**4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.**

Currently, the agency pays for private duty nursing services a rate of \$6.30 per 15 min unit (\$25.20 per hour).

**STATE PLAN AMENDMENT RATE COMMITTEE**

**5. NEW METHODOLOGY OR RATE STRUCTURE.**

OHCA proposes to increase the rate paid for private duty nursing (T1000) to \$7.55 per 15 min unit (\$30.20 per hour) effective October 1, 2017. The basis for the new rate is current estimated hourly cost plus five percent.

Currently there is only one rate, regardless of whether the service is provided by a RN or LPN. Based on information from providers, OHCA estimates that the ratio of RNs to LPNs is 24.20%/75.80%. The following table illustrates the formula used to arrive at the proposed rate:

Occupation Category	Provider Cost Estimate	Cost + 5%	Staffing Ratio	Blended Rate Per Hour	Blend Rate Per 15 Min Unit
		Col 2 + 5%		Col 3 x 4	Col 5/ 4
RN	\$30.00	\$31.80	24.20%	\$7.70	\$1.92
LPN	\$28.00	\$29.68	75.80%	\$22.50	\$5.63
<b>Total</b>				<b>\$30.20</b>	<b>\$7.55</b>

**6. BUDGET ESTIMATE.**

The estimated budget impact for state fiscal year 2018 is estimated to be \$0. This assumes increased costs from longer inpatient stays if there is no change. Currently, only three organizations provide PDN services to OK Medicaid children. If there is no rate increase, these organizations will be unable to recruit and retain nurses and OHCA estimates this will lead to a 20% increase in delayed discharges from long term acute care children’s hospitals. OHCA does anticipate an increase in utilization with an increased rate due to the addition of nursing staff but there will be a corresponding decrease in hospital days and could result in a net savings to the agency.

**7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.**

The Oklahoma Health Care Authority does not anticipate any negative impact on access to care. The Oklahoma Health Care Authority has appropriate measures in place to monitor any positive or negative impact to access or quality of care, in accordance with requirements at 42 CFR 447.203(b)(6). Currently, there are not enough providers to fulfill the demand for these services. It is believed this rate increase will encourage providers to increase participation and thus have a positive impact on access to care.

**8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.**

The agency requests the State Plan Amendment Rate Committee to approve a rate increase to \$7.55 per 15 min unit (\$30.20 / hour) for all private duty nursing providers.

**9. EFFECTIVE DATE OF CHANGE.**

October 1, 2017