

Proposed Algorithm for Determining Fair Rental Value Per Diem Rates for Nursing Facility Reimbursement

A	Facility Name	Ourtown Nursing Center		U	Replacement Value	7,034,250 = L * R
B	Medicaid Provider ID	00123456A		V	Land Percentage	15.00% Plug
C	Year of Initial Construction	1985	Survey Data	W	Land Value	1,055,138 = U * V
D	Initial Beds	50	Survey Data	X	Equipment Allowance	\$5,000 Plug
E	Total Licensed NF Beds	140	Survey Data	Y	Cost Index	1.0000 Plug
F	Non-Nursing Facility Beds	0	Survey Data	Z	Equipment Value	700,000 = X * Y * E
G	Bed Days at Minimum Occupancy	40,880	= E * 365 * 80.0%	AA	Facility Value Excluding Land	7,734,250 = U + Z
H	Total Patient Days	45,000	Survey Data	AB	Facility Actual Age	23.00 Survey Data (2008 - C)
I	Medicaid Patient Days	34,500	Survey Data 76.7%	AC	Facility FRV Adjusted Age	10.00 2008 - New Base Yr, (t), or Max Age
J	Actual Square Footage	60,000	Survey Data	AD	Depreciation Rate per Year (2)	1.50% Plug Lookup
K	Actual Square Footage per Bed	429	= J / E	AE	Depreciation using the FRV Adj Age	1,160,138 = AA * AC * AD
L	Allowed Square Footage (1)	60,000	= higher of J or (Plug Limits * E)	AF	Depreciated Replacement Value	6,574,113 = AA - AE
M	Cost per Square Foot	141.25	Plug (2008 RS Means)	AG	Depreciated Replacement Value & Land	7,629,250 = AF + W
N	Facility Cost Prior to Adjustments	8,475,000	= L * M	AH	Rental Rate	9.00% Plug
O	Zip Code	30501	Survey Data	AI	Rental Amount	686,633 = AG * AH
P	Location Factor	0.83	Lookup based on Zip Code	AJ	Higher of Minimum Occup or Total Patient Days	45,000 = higher of G or H
Q	Construction Cost Index	1.0000	Plug	AK	Fair Rental Value Per Diem	15.26 = AI / AJ
R	Adjusted Cost per Square Foot	117.24	= M * P * Q	AL	07/01/08 Dodge Rate	7.17 Survey Data (FRV stop loss amount)
S	2008 Means Cost Index	168.00	per Means Historical Cost Index	AM	Difference	8.09 = AK - AL
T	Initial Age Depreciation Rate	2.0%	Plug	AN	Estimated Annual Medicaid Impact	279,053 = AM * I (or, if AM<0, 0)

"Fair Rental Value" Age Adjustment Algorithm for Additions, Replacements and Renovations:

		Beds Added or Replaced						Beds Renovated												
Activity	Year of Activity	Beds Added	Beds Re-placed	Existing Beds Not Added or Replaced	Age of Beds Not Added or Replaced	Existing Beds Weighted Average	Base Year Age Adjust-ment	Renova-tion Amount	Bed Totals at Renova-tion	Age of Beds	Cost Index: Year of Renov't'n	Age Index Factor	Bed Replace-ment Cost	Accum-ulated Deprec-iation	New Bed Equiv-alent	Tot Beds to be Weighted	Weighted Average of Beds	Base Year Age Adjust-ment	New <u>Base Year</u> (rounded)	Total Beds
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)
Source and/or Formulas:	Survey Data	Survey Data	Survey Data	(u) on Prior Ln, or Init Beds	Activity Yr - Base Yr	(e) x (f)	(g) / Tot Beds	Survey Data	(u) on Prior Ln, or Init Beds	(b) - (t) on Prior Ln	RS Means Lookup using (b)	(l) / S	[N * P * (m)] / (j)	(n) * (k) * T	(i) / (o), but Tot Beds Limit	(j) - (p)	(k) * (q)	(r) / (j)	(b) - (h) or (b) - (s)	(c) + (e) or (j)
Addition	1990	50		50	5	250	2.50												1988	100
Addition	1995	40		100	7	700	5.00												1990	140
Replacement	2000		30	110	10	1,100	7.86												1992	140
Renovation	2003							400,000	140	11	132.00	0.79	39,479	8,685	46.05	93.95	1,033.40	7.38	1996	140
Renovation	2006							300,000	140	10	162.00	0.96	48,452	9,690	30.96	109.04	1,090.41	7.79	1998	140

Notes: (1) - Plug limits per bed include a minimum of 350 square feet or a maximum of 700 square feet (2) - Plug ranges are listed on the "Options" sheet