

**GRAND TRAVERSE COUNTY
DEPARTMENT OF HEALTH AND HUMAN SERVICES BOARD**

**REGULAR MEETING
September 18, 2023**

**Open to the public
9:00 AM Garfield Township Hall – Upstairs Main Hall
3848 Veterans Dr, Traverse City, MI 49684**

Persons with disabilities which the foregoing opportunities for participation will not address should contact Darcey Gratton at (231) 932-3010 or dgratton@gtpavilions.org with questions or concerns.

AGENDA

1. **CALL TO ORDER** – 9:00 a.m. Garfield Township Hall – Cecil McNally, Chair, Grand Traverse County Department of Health and Human Services Board
2. **ROLL CALL** the member must announce his or her physical location by stating the county, city, township, or village and state from which he or she is attending the meeting remotely.
3. **FIRST PUBLIC COMMENT**
Any person shall be permitted to address a meeting of the Grand Traverse County Department of Health and Human Services Board which is required to be open to the public under the provisions of the Michigan Open Meetings Act, as amended. (MCLA 15.261, et seq.) Public comment shall be carried out in accordance with the following Board Rules and Procedures:
 1. Any person wishing to address the Board shall state his or her name and address.
 2. Persons may address the Board on matters which are relevant to Grand Traverse Pavilions issues.
 3. No person shall be allowed to speak more than once on the same matter, excluding time needed to answer Board Members questions. The Chairperson shall control the amount of time each person shall be allowed to speak, which shall not exceed three (3) minutes.
 - a) Chairperson may, at his or her discretion, extend the amount of time any person is allowed to speak.
 - b) Whenever a group wishes to address the Board, the Chairperson may require that the group designate a spokesperson; the Chairperson shall control the amount of time the spokesperson shall be allowed to speak, which shall not exceed fifteen (15) minutes.

The Board shall not comment or respond to a person who is addressing the Board. Silence or non-response from the Board should not be interpreted as disinterest or disagreement by the Board.

Please be respectful and refrain from personal or political attacks.

4. **COUNTY LIAISON REPORT**
5. **APPROVAL OF AGENDA**
6. **GRAND TRAVERSE MEDICAL CARE**

- A. Business
 - (1) Strategic Planning & Budget Discussion and Approval
 - a) Robert Long – Plante Moran
 - b) Medicaid Rate Letter

- B. General Discussion
(1)

G.T.P. Announcements

- (1) Next Board Meeting September 28, 2023

7. SECOND PUBLIC COMMENT

Refer to Rules under First Public Comment above.

8. CLOSED SESSION

9. ADJOURNMENT



plante moran | Audit. Tax. Consulting.
Wealth Management.

Grand Traverse Pavilions

Presentation to DHHS- Sustainability Planning Support

Handout

September 2023

Introductions / Overview

Plante Moran (PM) is assisting Grand Traverse Pavilions management and DHHS board in evaluating financial results improvement / sustainability plan

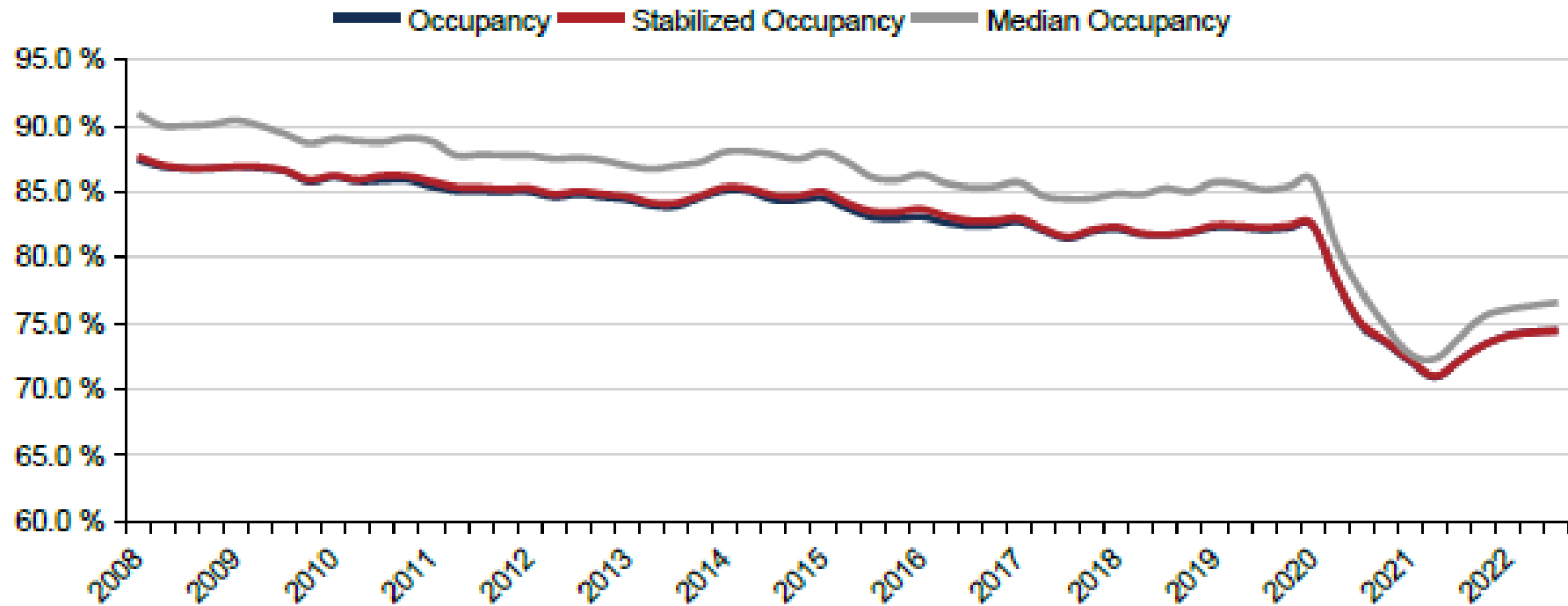
➤ Agenda

- Introductions
- Historical perspective
- Process
- Pro Forma Assumptions, summary financial impact
- Final Comments / Observations

Historical Perspective

- Medical Care Facility – Background
- Senior Living & Care Operations – Pandemic accelerates trends
 - Census declines
 - Regulatory changes / isolation and infection control measures increased significantly
 - Staffing shortages
- Funding –
 - Temporary funding via CARES Act supports pandemic operations / funding has expired
 - Medicaid payments to nursing homes – Payment determinations and process are changed during pandemic – Results in reduced / lagging payments; reverts 10/1/23

Historical Perspective - SNF Occupancy Trends

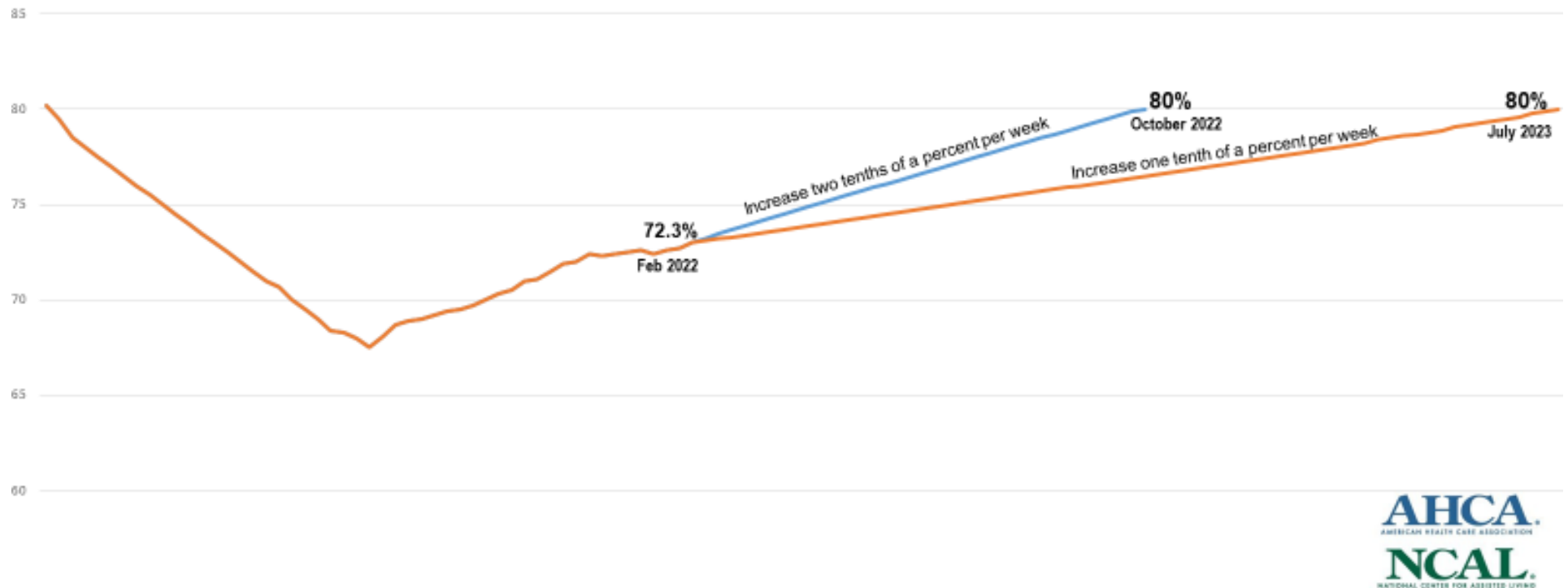


- Stabilized Occupancy History:
 - Q1 2008: 87.7%
 - Q1 2020: 82.5% (Trends down over 5-7 years, and it seemed to stabilize here for 3-5 years)
 - Q1 2021: 72.6% and falling / Q3 2022 74.4
- Pro Forma trend Line

Source: NICMAPS

Historical Perspective- SNF Occupancy Trends

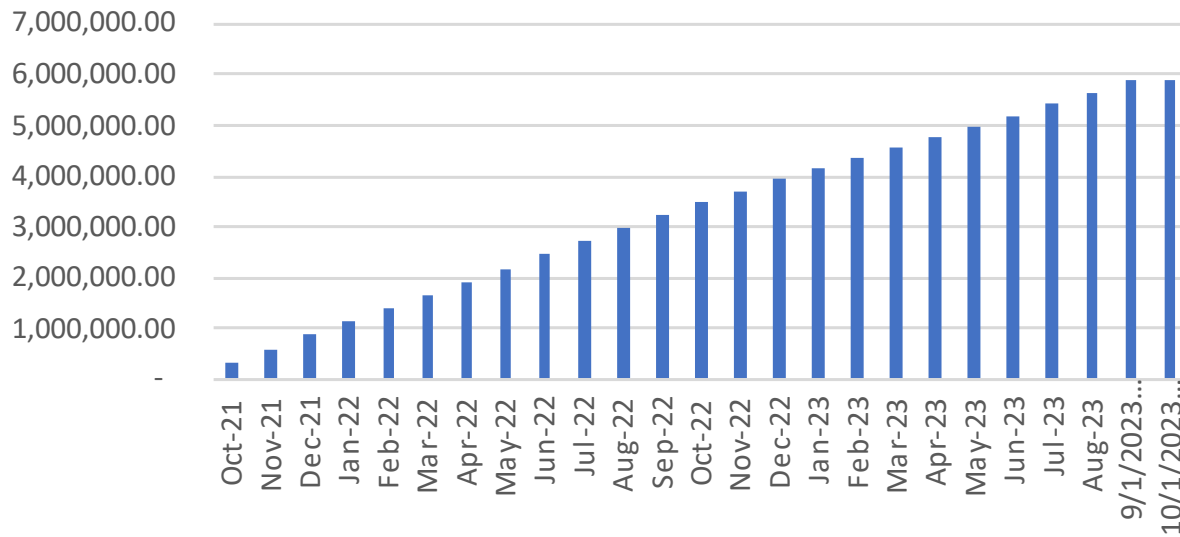
How Long Will It Take Census to Recover?



Source: NICMAPS

Historical Perspective- Medicaid Earned, not yet Received

Medicaid Revenue Earned vs Paid Cumulative Difference--Receivable



Post-pandemic Medicaid funding

State of Michigan paid estimated per diem Medicaid rate for 10/1/21 – 9/30/23.

Estimated Medicaid receivable for services provided through 9/30/23: \$5,800,000

Source: NICMAPS

Process

- **Meetings with management team members / Cecil – 8/29, 8/30, 8/31 (DHHS Board); 9/6**
- **Establish objectives**
 - ✓ Sustainability plan actions
 - ✓ Net income, operating cash flow positive
 - ✓ Minimize impact on residents and direct care
- **Other data accumulation**
 - ✓ Peer data benchmarking
 - ✓ Assisted living – Informal market analysis / Private rates
 - ✓ Nursing facility – Updated rate/payments based on known policy (Recent updates)
- **Develop detail financial model / Assumptions**
 - ✓ Evaluate business unit – level performance
 - ✓ Set baseline census / revenue assumptions
 - ✓ Evaluate operational improvement opportunities
 - ✓ Linked / Iterative process

Pro Forma: Summary of Operations

	Grand Traverse Pavilions		
	Pro Forma Summary of Operations		
	Historical-YTD June 30, 2023 - Annualized	Pro Forma-Year Ended December 31, 2024	% Change
Revenue			
Net Service Revenue	20,078,000	27,218,000	36%
Other Revenue	7,239,000	2,664,000	-63%
Total Revenue	27,317,000	29,882,000	9%
Expenses			
Salaries	16,285,000	15,222,000	-7%
Benefits	3,916,000	4,134,000	6%
Other Operating	8,605,000	8,455,000	-2%
Interest Expense	362,000	351,000	-3%
Depreciation	1,151,000	1,151,000	0%
Total Operating Expenses	30,319,000	29,313,000	-3%
Net Operating Income	(3,002,000)	569,000	
Reconciliation to Cash from Operations:			
Add back: Depreciation		1,151,000	
Less:			
Principal Payments		(720,000)	
Capital Expenditures		(200,000)	
Cash from Operations		800,000	

Pro Forma Model Results:

- Positive bottom line
- Positive cash flow

Pro Forma Revenue Assumptions - Census

Unit	Payor	Pro Forma Average Daily Census
Nursing Facility (240 Total Units)	Medicaid	89.0
	Hospice	13.0
	Auto, PP, PI	18.0
	Medicare Advantage	15.0
	Medicare Advantage	10.0
	Total	145.0
Cottages (78 Total Units)	Willow Building(24 Units, Assisted Living Memory Care)	21.0
	Hawthorn Building (26 Units, Assisted Living)	15.0
	Evergreen (28 Units, Assisted Living)	21.0
	Total	57.0
Therapy	Utilization is assumed consistent with historical	

Pro Forma Revenue Assumptions - Rates

Paid Per Diem Rate Increases Effective October 1:			Proposed
Nursing Facility	Private Rate		410.0
	Medicare		6% Increase
	Medicaid		380.00
		Current	Proposed
Cottages	Willow	\$ 4,945	52%
			\$ 7,500
	Hawthorn and Evergreen:		
	Current (average)	\$ 2,841	
	Hawthorn		13%
	Evergreen		22%
	Meals	\$ 5	\$ 10

- 4% - Net Inflation
- 2% - Facility specific based on measured outcomes

Pro Forma Operation Assumptions

➤ Staffing –

- Beginning point: Current/year to date data by department
- Benchmarked by department
- Reduce by approximately 15 Full time equivalents
- Primary focus – Non-direct care staff
- Hold wage increases

➤ Incorporated expected benefits changes (MERS increases, health insurance cost decreases)

➤ Other operating expenses – Determined on line item basis, at the trial balance level of detail – based first on year-to-date (historical) experience, adjusted for known factors

➤ Added: planned additional cost for marketing / community

➤ Interest expense/principal repayments – Amortization Schedule

➤ Inflation on non-salary, “other” operating expenses – 2%

Nursing Home – Pro Forma Staffing Benchmark Overview

Facility:	Grand Traverse Pavilions										
Average Census:	145										
Staffing Detail:				Benchmarks							
	Staffing Metrics			Benchmarks - 2022 Medicaid Cost Reports - MI							
	FTEs	Hours	HPPD	MI Avg	51-100	101-150	151+	For Profit	NFP	Gov't	
Administrative and General	9.32	19,391	0.37	<u>0.48</u>	<u>0.65</u>	<u>0.43</u>	<u>0.41</u>	<u>0.43</u>	<u>0.60</u>	<u>0.67</u>	
Plant Operation	7.78	16,182	0.31	<u>0.20</u>	<u>0.28</u>	<u>0.17</u>	<u>0.21</u>	<u>0.16</u>	<u>0.28</u>	<u>0.67</u>	
Laundry	5.92	12,307	0.23	<u>0.20</u>	<u>0.20</u>	<u>0.22</u>	<u>0.22</u>	<u>0.20</u>	<u>0.19</u>	<u>0.28</u>	
Housekeeping	13.69	28,478	0.54	<u>0.46</u>	<u>0.45</u>	<u>0.43</u>	<u>0.52</u>	<u>0.40</u>	<u>0.56</u>	<u>0.72</u>	
Dietary	-	-	-	<u>0.84</u>	<u>0.82</u>	<u>0.74</u>	<u>0.63</u>	<u>0.75</u>	<u>1.09</u>	<u>1.24</u>	
Nursing Administration	11.25	23,400	0.44	<u>0.41</u>	<u>0.41</u>	<u>0.38</u>	<u>0.36</u>	<u>0.36</u>	<u>0.56</u>	<u>0.58</u>	
Medical Supplies Total	2.00	4,160	0.08	<u>0.10</u>	<u>0.08</u>	<u>0.00</u>	<u>0.17</u>	<u>0.08</u>	<u>0.10</u>	<u>0.00</u>	
Medical Records and Library	1.00	2,080	0.04	<u>0.08</u>	<u>0.10</u>	<u>0.06</u>	<u>0.05</u>	<u>0.08</u>	<u>0.10</u>	<u>0.10</u>	
Social Services	2.95	6,126	0.12	<u>0.15</u>	<u>0.14</u>	<u>0.14</u>	<u>0.11</u>	<u>0.13</u>	<u>0.20</u>	<u>0.17</u>	
Activities	5.91	12,302	0.23	<u>0.30</u>	<u>0.32</u>	<u>0.27</u>	<u>0.23</u>	<u>0.26</u>	<u>0.41</u>	<u>0.46</u>	
Medicaid Routine Care Unit - Per LTC Direct Staffing Template											
RN	20.05	41,711	0.79	<u>0.55</u>	<u>0.58</u>	<u>0.47</u>	<u>0.42</u>	<u>0.49</u>	<u>0.70</u>	<u>0.76</u>	
LPN	12.28	25,540	0.48	<u>0.93</u>	<u>0.90</u>	<u>0.96</u>	<u>1.08</u>	<u>0.91</u>	<u>1.11</u>	<u>0.82</u>	
CENA	68.51	142,492	2.69	<u>2.61</u>	<u>2.59</u>	<u>2.61</u>	<u>2.64</u>	<u>2.43</u>	<u>3.02</u>	<u>3.73</u>	
Total	100.84	209,744	3.96	<u>4.09</u>	<u>4.07</u>	<u>4.04</u>	<u>4.14</u>	<u>3.83</u>	<u>4.83</u>	<u>5.31</u>	

Cottages- Pro Forma Staffing Benchmark Overview

Facility:	Grand Traverse Pavilions				
Average Census:	57				
Staffing Detail:	Benchmarks - 2021 SOSH				
	Staffing Metric		Benchmarks		
	<i>FTEs</i>	<i>MIN</i>	<i>AVG</i>	<i>MAX</i>	
Administrative and General	3.43	<u>0.57</u>	<u>2.28</u>	<u>6.27</u>	
Plant Operation	1.84	<u>0.57</u>	<u>0.57</u>	<u>2.85</u>	
Housekeeping	1.00	<u>0.57</u>	<u>1.14</u>	<u>5.13</u>	
Dietary	-	<u>1.71</u>	<u>6.27</u>	<u>13.11</u>	
Activities	-	<u>0.57</u>	<u>0.57</u>	<u>3.99</u>	
Other	-	<u>0.57</u>	<u>1.14</u>	<u>2.85</u>	
Apartment/Housing Unit - Direct Care Staffing	31.67	<u>11.40</u>	<u>12.54</u>	<u>46.74</u>	

Pro Forma: Summary of Operations Revisited

	Grand Traverse Pavilions		
	Pro Forma Summary of Operations		
	Historical-YTD June 30, 2023 - Annualized	Pro Forma-Year Ended December 31, 2024	% Change
Revenue			
Net Service Revenue	20,078,000	27,218,000	36%
Other Revenue	7,239,000	2,664,000	-63%
Total Revenue	27,317,000	29,882,000	9%
Expenses			
Salaries	16,285,000	15,222,000	-7%
Benefits	3,916,000	4,134,000	6%
Other Operating	8,605,000	8,455,000	-2%
Interest Expense	362,000	351,000	-3%
Depreciation	1,151,000	1,151,000	0%
Total Operating Expenses	30,319,000	29,313,000	-3%
Net Operating Income	(3,002,000)	569,000	
Reconciliation to Cash from Operations:			
Add back: Depreciation		1,151,000	
Less:			
Principal Payments		(720,000)	
Capital Expenditures		(200,000)	
Cash from Operations		800,000	

Pro Forma – Comments and Observations

➤ Revenue

- Census approximates current mix and overall
- Rates – Benchmarked competitor rates / resident acuity
- Other rates (Medicare, Medicaid) based on known amounts
- Census increases – incremental improvements
- Census decreases – Manage with adjustments to per resident day focus

➤ Expenses

- Changes reasonable with benchmarks
- Operating expenses using best available information

Monitoring

- Dashboard in progress
- Operational focus: “Per resident day” measurements – Hours, \$



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

ELIZABETH HERTEL
DIRECTOR

August 31, 2023
Administrator
Grand Traverse Medical Care Facility
1000 Pavilions Circle
Traverse City, MI 49684-3198

RE: NOTICE OF INTERIM MEDICAID REIMBURSEMENT RATE
National Provider Identifier No. 1326124322

Dear Provider:

The facility's medicaid routine nursing care reimbursement rate has been revised to reflect the following:

INTERIM RATE REBASING. The Provider's filed cost report has been used to complete an interim rate setting in accordance with Section 1633 of Public Act 352 of the Department of Community Health Appropriations Act for fiscal year 1996-1997. This action is only temporary until the audit data is available. The audit cost data rate rebasing will be done following completion of the cost report audit. The audited rebased rate will be effective for service days retroactive to the Provider's appropriate rate year begin date. A payment adjustment will be made for any overpayment or underpayment resulting from payment of the interim rate. The audited rebased rate will be on the Medicaid payment system to be paid for services effective for the month following a thirty (30) day rate notification. The interim rate determination is not appealable, however the Provider is afforded the right of appeal with the audited rebase rate determination. If the audited rebased rate is appealed, the Provider will be paid the higher of the audited rebase per diem rate or the per diem rate that was paid for services immediately before the interim rebase rate was effective .

- Filed Plant Cost Certification Data**
- Submitted Nurse Aide Training and Testing data**
- Change in Bed Certification (Medicare/Medicaid)**
- Rate Relief (Accelerated Rebasing)**
- Other:**
- Nurse Aide Training and Testing Lockout**
- Non-Available Bed Plan**
- Termination of Non-Available Bed Plan**
- Amended Cost Report**

Date of services beginning: 10/01/2023 Rate: \$380.18

Date rate effective on payment system: 10/01/2023

If the "Date rate effective on payment system" line is different from the "Date of services beginning" line, a gross adjustment payment will be determined for the amount of payment difference for the time period . If this is applicable, the provider will receive notice of the gross adjustment prior to the processing of such adjustment.

The facility will be reimbursed on the basis of the lower of customary charge to the general public or the Medicaid reimbursement rate. The provider should bill the Medicaid Program the total charge based on the usual and customary charge of the facility.

Sincerely,
Mark R. West, Section Manager

/S/ Brent Wooton, Medicaid Auditor
LTC Reimbursement and Rate Setting Section

Enclosure

Michigan Department of Health and Human Services

Calculation of Medicaid Reimbursement Rate

Date:	09/01/2023
Provider Name:	Grand Traverse Medical Care Facility
National Provider Identifier No.	1326124322
FYE:	December 31
Effective Date:	10/01/2023

I. Calculation of Variable Rate Base

Total Beds:	318
LTC Beds	158

A. Variable cost per day	Filed Cost Report 12/31/2022	374.165868
B. Base cost per day:		271.810948
C. Support cost per day:		102.354919
D. Provider's support/base ratio		0.376566
E. Support/Base ratio limit per bed size group		0.371600
F. Cost Index	From: 12/31/2022 To: 10/01/2022	0.988391
G. Indexed base cost component (BCC) (base cost per day times CI)		268.655495
H. Indexed support cost component (SCC) (lesser of Provider's S/B ratio or S/B limit times indexed base cost)		99.832382
I. Variable rate base (VRB) (base cost component plus support cost component)		368.487877
J. Variable Cost Limit (VCL)	As of: 10/01/2023	399.670000
K. Lesser of Variable Rate Base or Variable Cost Limit		368.487877

II. Economic Inflationary Update (EIU)

A. Economic Inflation Rate (EIR)	From: 10/01/2022 To: 09/30/2024	0.00%
B. Lesser of Variable Rate Base or Variable Cost Limit		368.487877
C. Economic Inflationary Update		0.000000

**III. Quality Assurance Supplement (QAS)
(Calculation for Informational Purposes Only)**

A. Lesser of Variable Rate Base or Variable Cost Limit	259.250000
B. Quality Assurance Adjustment Factor	21.76%
C. Quality Assurance Supplement	56.412800

Michigan Department of Health and Human Services

Calculation of Medicaid Reimbursement Rate

Date:	09/01/2023
Provider Name:	Grand Traverse Medical Care Facility
National Provider Identifier No.	1326124322
FYE:	December 31
Effective Date:	10/01/2023

I. Calculation of Variable Rate Base

Total Beds:	318
LTC Beds	158

A. Variable cost per day	Filed Cost Report 12/31/2022	374.165868
B. Base cost per day:		271.810948
C. Support cost per day:		102.354919
D. Provider's support/base ratio		0.376566
E. Support/Base ratio limit per bed size group		0.371600
F. Cost Index	From: 12/31/2022 To: 10/01/2022	0.988391
G. Indexed base cost component (BCC) (base cost per day times CI)		268.655495
H. Indexed support cost component (SCC) (lesser of Provider's S/B ratio or S/B limit times indexed base cost)		99.832382
I. Variable rate base (VRB) (base cost component plus support cost component)		368.487877
J. Variable Cost Limit (VCL)	As of: 10/01/2023	399.670000
K. Lesser of Variable Rate Base or Variable Cost Limit		368.487877

II. FY 23 Interim Variable Rate Calculation

A. Total Interim FY 22 Variable Cost Component	0.000000
B. FY 23 Variable Percentage Increase	0.00%
C. FY 23 Interim Variable Rate Increase Amount	0.000000
D. Total Interim FY 23 Variable Cost Component	0.000000

**III. Quality Assurance Supplement (QAS)
(Calculation for Informational Purposes Only)**

A. Lesser of Variable Rate Base or Variable Cost Limit	259.250000
B. Quality Assurance Adjustment Factor	21.76%
C. Quality Assurance Supplement	56.412800

Calculation of Medicaid Reimbursement Rate

III. Property Tax/Interest Expense/Lease Component

Total Days:
Plant Costs:

A. Allowable Borrowings limitation

- 1) Average borrowings balance
- 2) Interest deduction for excess borrowings
- 3) DEFRA sales disallowance
- 4) Net property tax/interest/lease component

B. Net property tax/interest/lease component/patient day

IV. Return On Current Asset Value Component

Tenure:

- A. Updated Building and Land Improvements
- B. Depreciated Movable Equipment
- C. Land
- D. Total current asset value
- E. Percentage applicable to LTC Unit
- F. LTC unit current asset value x percent
- G. Current Asset Value upper (ceiling) limitation
- H. Current Asset Value below (floor) limitation
- I. Tenure factor
- J. Limitation or asset value x tenure factor
- K. Limitation or asset value x tenure factor/patient days**

Rate Calculation

Prospective Reimbursement

OBRA Training & Testing Cost Settled

W/S 8 Costs:

Medicaid Reimbursement Rate

=====

**Michigan Department of Health and Human Services
Calculation of Medicaid Reimbursement Rate**

III. Calculation of Plant Cost Component

Filed Cost Report 12/31/2022

A. Depreciation and Interest Expenses	636,612
B. Total Days	52,409
C. Plant Cost Per Day	12.146997
D. Plant Cost Limit	11.550000
E. Lesser of Plant Cost or Plant Cost Limit	11.550000

Rate Calculation

Prospective Reimbursement

A. Lesser of Variable Rate Base or Variable Cost Limit	368.487877
B. Economic Inflationary Update	0.000000
C. Variable Cost Component (Line A plus Line B)	368.487877
D. Plant Cost Component	11.550000
E. Reimbursement Rate Prior to Add-Ons	380.037877

OBRA Training & Testing Cost Settled

W/S 8 Costs:	Filed Cost Report	12/31/2022	7,297	0.139231
--------------	-------------------	------------	-------	-----------------

Medicaid Reimbursement Rate

380.177109

**Michigan Department of Health and Human Services
Calculation of Medicaid Reimbursement Rate**

III. Calculation of Plant Cost Component

Filed Cost Report 12/31/2022

A. Depreciation and Interest Expenses	636,612
B. Total Days	52,409
C. Plant Cost Per Day	12.146997
D. Plant Cost Limit	11.550000
E. Lesser of Plant Cost or Plant Cost Limit	11.550000

Rate Calculation

Prospective Reimbursement

A. Total FY 23 Variable Cost Component	0.000000
B. FY 22 Interim Plant Cost Component Update	0.000000
C. FY 23 Plant Cost Component Percentage Increase	0.00%
D. FY 23 Plant Cost Component Update	0.000000
E. Reimbursement Rate Prior to Add-Ons	380.037877

OBRA Training & Testing Cost Settled

W/S 8 Costs: Filed Cost Report 12/31/2022	7,297	0.139231
---	-------	----------

Medicaid Reimbursement Rate

380.177109

Calculation of Medicaid Reimbursement Rate

Date:

Provider Name:

National Provider Identifier No.

FYE:

Effective Date:

I. Calculation of Variable Rate Base

A. Variable cost per day

B. Base cost per day:

C. Support cost per day:

D. Base cost plus Support cost:

E. Cost index:

From:

To:

F. **Variable rate base (VRB)**

(base cost component plus support cost component times cost index)

II. FY 23 Interim Variable Rate Calculation

III. Quality Assurance Supplement (QAS)

(Calculation for Informational Purposes Only)

B. Quality Assurance Adjustment Factor

III. Calculation of Plant Cost Component

A. Depreciation and Interest Expenses

B. Total Days

C. **Plant Cost Per Day**

Rate Calculation

Medicaid Reimbursement Rate

Michigan Department of Health and Human Services

Calculation of Medicaid Reimbursement Rate

Date:	09/01/2023
Provider Name:	Grand Traverse Medical Care Facility
National Provider Identifier No.	1326124322
FYE:	December 31
Effective Date:	10/01/2023

I. Calculation of Variable Rate Base

Total Beds:	318
LTC Beds	158

A. Variable cost per day	Filed Cost Report 12/31/2022	374.165868
B. Base cost per day:		271.810948
C. Support cost per day:		102.354919
D. Provider's support/base ratio		0.376566
E. Support/Base ratio limit per bed size group		0.371600
F. Cost Index	From: 12/31/2022 To: 10/01/2022	0.988391
G. Indexed base cost component (BCC) (base cost per day times CI)		268.655495
H. Indexed support cost component (SCC) (lesser of Provider's S/B ratio or S/B limit times indexed base cost)		99.832382
I. Variable rate base (VRB) (base cost component plus support cost component)		368.487877
J. Variable Cost Limit (VCL)	As of: 10/01/2023	399.670000
K. Lesser of Variable Rate Base or Variable Cost Limit		368.487877

II. FY 23 Interim Variable Rate Calculation

A. Total Interim FY 22 Variable Cost Component	0.000000
B. FY 23 Variable Percentage Increase	0.00%
C. FY 23 Interim Variable Rate Increase Amount	0.000000
D. Total Interim FY 23 Variable Cost Component	0.000000

**III. Quality Assurance Supplement (QAS)
(Calculation for Informational Purposes Only)**

A. Lesser of Variable Rate Base or Variable Cost Limit	259.250000
B. Quality Assurance Adjustment Factor	21.76%
C. Quality Assurance Supplement	56.412800

Calculation of Medicaid Reimbursement Rate

III. Property Tax/Interest Expense/Lease Component

Total Days:
Plant Costs:

A. Allowable Borrowings limitation

- 1) Average borrowings balance
- 2) Interest deduction for excess borrowings
- 3) DEFRA sales disallowance
- 4) Net property tax/interest/lease component

B. Net property tax/interest/lease component/patient day

IV. Return On Current Asset Value Component

Tenure:

- A. Updated Building and Land Improvements
- B. Depreciated Movable Equipment
- C. Land
- D. Total current asset value
- E. Percentage applicable to LTC Unit
- F. LTC unit current asset value x percent
- G. Current Asset Value upper (ceiling) limitation
- H. Current Asset Value below (floor) limitation
- I. Tenure factor
- J. Limitation or asset value x tenure factor
- K. Limitation or asset value x tenure factor/patient days
- L. Facility Innovative Design Supplemental
- M. Total Return on Current Asset Value Component**

Rate Calculation

Prospective Reimbursement

E. Reimbursement Rate Prior to Add-Ons

OBRA Training & Testing Cost Settled

W/S 8 Costs:

Medicaid Reimbursement Rate

**Michigan Department of Health and Human Services
Calculation of Medicaid Reimbursement Rate**

III. Calculation of Plant Cost Component

Filed Cost Report 12/31/2022

A. Depreciation and Interest Expenses	636,612
B. Total Days	52,409
C. Plant Cost Per Day	12.146997
D. Plant Cost Limit	11.550000
E. Lesser of Plant Cost or Plant Cost Limit	11.550000

Rate Calculation

Prospective Reimbursement

A. Total FY 23 Interim Variable Cost Component	0.000000
B. FY 22 Interim Plant Cost Component Update	0.000000
C. FY 23 Plant Cost Component Percentage Increase	0.00%
D. FY 23 Plant Cost Component Increase	0.000000
E. Facility Innovative Design Supplemental	
F. Reimbursement Rate Prior to Add-Ons	0.000000

OBRA Training & Testing Cost Settled

W/S 8 Costs:	Filed Cost Report	12/31/2022	7,297	0.139231
--------------	-------------------	------------	-------	----------

Medicaid Reimbursement Rate

0.000000