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Effective July 1, 2025, Louisiana Medicaid nursing facility reimbursement rates will be set utilizing the Payment Driven Payment Model (PDPM) resident classification system for the calculation of case-mix indices (CMI), and the Resource Utilization Grouper (RUG-III) will no longer be utilized. A blend of five PDPM components will be utilized in the calculation of CMIs, and the relevant PDPM component percentages are as below. This change will be applied to the nursing facility cost report period case-mix index utilized in rate rebasing procedures, as well as the nursing facility-wide average case-mix index values utilized in the quarterly rate setting process.

- Physical Therapy: 15%
- Occupational Therapy: 15%
- Speech Language Pathology: 8%
- Non-Therapy Ancillary: 12%
- Nursing: 50%

To ease this transition, a phase-in period beginning with rate effective date July 1, 2025 through December 31, 2026 will be applied with a ±$5 corridor methodology. The nursing facility provider pass-through rate adjustment will be calculated and applied as described in §20005.D.4.e. Example phase-in calculations and rate adjustment scenarios are below. With this change, it is important to note that no other rate mechanics are changing.

Phase-In Adjustment Steps	**Example #1**	**Example #2**	**Example #3**
a) Reimbursement Rate as of 6/30/2025	$260	$260	$260
b) 7/1/2025 Rate Before Phase-In (PDPM)	$250	$275	$262
c) (b – a) Rate Differential (±$5 Corridor)	($10)	$15	$2
d) Phase-In Adjustment to Achieve ±$5 Corridor	$5	($10)	$0
e) (b + d) 7/1/2025 Rate After Phase-In	$255	$265	$262

To further aide providers in preparing for the July 1, 2025 transition, you will find a shadow January 1, 2025 PDPM-based reimbursement rate attached. Please note the following when reviewing the shadow rate sheet.

- January 1, 2021 was the first period in which PDPM data was collected and there were data integrity concerns with Q1 2021 CMIs. As such, Q1 2021 has not been utilized in the calculation of the nursing facility cost report period case-mix index.
- At July 1, 2025, there will be a rebase of costs and prices in addition to the PDPM transition so the base period data will be 2023.
- Providers with a non-calendar year end did not have a full cost report period of PDPM data, and extrapolation of usable periods was required to calculate a cost report period CMI.
    - Providers with a 3/31/2021 year-end have been assigned the statewide average cost report period CMI for the purpose of the shadow rate calculation.
- The shadow January 1, 2025 rate does not attempt to show the phase-in adjustment as that will only occur during the actual transition at July 1, 2025.
- The shadow rate sheets are for **INFORMATIONAL** purposes only, and to aide providers in preparing for the transition to PDPM at July 1, 2025.