

SECTION .1100 – REIMBURSEMENT

10A NCAC 01A .1101 RATE SETTING METHODS FOR FACILITIES THAT SERVE STATE/COUNTY SPECIAL ASSISTANCE RESIDENTS

(a) A rate for facilities which serve State/County Special Assistance residents shall be reviewed annually, and pending approval of the Legislature, shall be effective for dates of service for a 12 month period beginning each October 1. Rates are derived from submission of cost reports for the most recent 12 month period. The maximum rate shall be developed by ranking prior year per diem cost from the lowest to the highest in two separate arrays, one for direct cost and one for indirect cost. The per diem cost at the 75% percentile shall be used for the direct rate and the 60% percentile shall be used for the indirect rate. The maximum rate determined by this method may be adjusted as necessary to comply with federal or state laws or policies.

(b) The rate calculated in Paragraph (a) of this Rule shall include an annual adjustment to reflect increases or decreases in prices that are expected to occur from the cost report period on which the rates are developed to the year in which the rate applies. The price level adjustment factors shall be computed using aggregate base year cost in the following manner:

- (1) Cost shall be accumulated into the following groups:
 - (A) labor,
 - (B) fixed,
 - (C) other.
- (2) The relative weight of each cost group shall be calculated to the second decimal point by dividing the total cost of each group (labor, fixed, and other) by the total cost.
- (3) Price adjustment factors for each cost group shall be established as follows:
 - (A) Labor. The percentage change for labor costs shall be based on the projected average hourly wage of North Carolina service workers as provided by the North Carolina Office of State Budget and Management.
 - (B) Fixed. No adjustment shall be made for this category, thus making the factor zero.
 - (C) Other. The expected annual change in the implicit price deflator for the Gross National Product as provided by the OSBM.
 - (D) The weights computed in Subparagraph (b)(2) of this Rule shall be multiplied by the percentage change computed in Parts (b)(3)(A), (B) and (C) of this Rule.
 - (E) The sum computed for each category in Part (b)(3)(D) of this Rule shall be the price level adjustment factor for the coming fiscal year.

History Note: Authority G.S. 143B-10; S.L. 1999-334;
Eff. August 1, 1998;
Temporary Amendment Eff. September 24, 1999;
Temporary Amendment Expired July 11, 2000;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. April 23, 2017.