Calculation of Transition Ceiling

The Transition Ceiling is pretty simple conceptually though the calculations are a little more complicated. It is the counterpart to the transition floor. Conceptually, the transition ceiling limits providers from receiving both the benefit of their historical high rate and the benefit of utilization over 90%. Since the transition factor assumed 90% attendance the calculations compare the result for 90% attendance including the transition factor with the result that would be obtained if the rates were used. The provider receives the amount based on 90% attendance unless the amount using the rates is higher. If simply paying at the established rate is better than the established rate would be used.

What makes the calculation more complicated is that changes occur in people served and utilization varies from month to month, therefore the monthly calculation will have to be completed each month and a running total kept.

The actual calculation for a month is below.

Calculation of Transition Ceiling

July Potential Days	Actual Days	Percent Utilization	90% of Potential Days	Amount based on 90% of the potential days
22	18	81.82%	19.8	1,986.34
22	20	90.91%	19.8	2,317.39
22	21	95.45%	19.8	2,482.92
22	21	95.45%	19.8	2,648.45
14	13	92.86%	12.6	1,369.37
102	93	91.18%	91.8	10,804.47

Provider Transition Percentage	106%
Payment including transition factor	11,661.87
Allowed Total With Transition Factor	11,452.74
Amount allowed by established rates	11,001.76
Transition Ceiling - Greater of allowed total with transition factor or rates	11,452.74
Amount over allowed transition ceiling	209.13

For example the next month utilization was over 87.25% the payment would be 322.57 under the transition floor. This would be offset against amounts over the transition floor.
A running total would be kept and payments adjusted in 4th quarter or sooner if necessary.