



## Nursing Home Medicaid Cut Will Threaten Care to Thousands of Vulnerable New Yorkers

### The Issue:

- The Department of Health (DOH) is pressing ahead to implement a severe quarter-billion dollar cut that will threaten care for thousands of nursing home residents in New York.
- DOH is moving to retroactively change the methodology used to calculate case-mix index (CMI) adjustments (which ensure that nursing home rates match the acuity (i.e., level of need) of the residents they serve) in a way specifically designed to result in deep cuts to nursing homes.
- DOH is violating the letter and spirit of the enacted budget. The budget contained language inserted by both Houses directing DOH to engage a workgroup in the process of considering changes to CMI “to promote greater accuracy,” and “to target abuses.” The language also specifically charged the workgroup with reviewing case-mix data and related analyses conducted by the Department as part of the process of considering any changes to the CMI methodology.
- Instead of engaging the workgroup as envisioned, DOH, at the first meeting of the workgroup, stated that it intended unilaterally to revise the methodology used to determine the CMI adjustment for the July 1, 2019, rates to achieve a cut of at least \$122.8 million in state spending (\$245.6 million of total provider impact, inclusive of federal funding) through March 31, 2020.
- At no point during the workgroup process (or since) has DOH provided workgroup members with its case-mix data or related analyses for review.
- At the conclusion of the workgroup process, the workgroup submitted a unanimous report expressing grave concerns that DOH’s unilateral plan would put financially fragile nursing homes at risk, endanger quality resident care and put crucial health care jobs in jeopardy. In lieu of DOH’s plan, the workgroup proposed freezing CMI levels for the balance of 2019.
- On the day following the final workgroup meeting (June 28<sup>th</sup>), DOH filed a Medicaid state plan amendment (SPA) with the Centers for Medicare and Medicaid Services (CMS) seeking Federal approval to implement its retroactive plan to cut nursing home rates dramatically.

### What’s at Stake:

- Virtually every nursing home in the State and more than 100,000 nursing home residents are at risk in the face of this cut.
- This cut will reduce nursing home payments by more than \$9.00 per day on average. In an environment in which nursing homes have seen no trend factor increase in more than ten years, while the costs of care delivery have risen steadily during the same period, this cut will put many facilities at risk of having to sell or close, while virtually all facilities will be under pressure to curtail programs and reduce staffing. Ultimately, access to high quality care for those who rely on our long term care system will suffer greatly.
- The cut is so significant that it will drive the average nursing home operating margin in New York from -1.3 percent (2017) to -3.2 percent following the implementation of the cut. It will further increase the overall percentage of nursing homes in the State with negative operating margins from 41 percent currently to an estimated 56 percent following the cut. Such negative margins are unsustainable.
- This cut will have a particularly damaging effect on those facilities offering the highest quality of care, based on the CMS 5-Star Rating system. Forty-three percent of the nursing homes projected to have negative operating margins after the case-mix change are 4-Star or 5-Star facilities, and 20 percent of the facilities projected to have a negative operating margin after the change are 5-Star facilities. Fully half of the 5-star nursing homes in the State for which financial information is available will have a negative operating margin if this case-mix cut is implemented.
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- **Please contact Governor Cuomo, the Director of the Budget, and the Commissioner of Health and request that they suspend efforts to implement the CMI cut, and that they work with the long term care community to implement an alternative model, consistent with the recommendations of the Nursing Home Acuity Workgroup.**