



Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Acting Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

February 25, 2015

Subject: January 1, 2015 RHCF and ADHC Rates

Dear Administrator:

The purpose of this Dear Administrator Letter (DAL) is to provide you information about your residential health care facility (RHCF) and medical adult day health care (ADHC) Medicaid reimbursement rates for the period commencing January 1, 2015. New Medicaid rates for your residential health care facility have been promulgated and are now available on the Health Commerce System (HCS). The rates described herein are effective January 1, 2015 and are all-inclusive rates for health care services provided at your facility.

The non-capital components of the rates for non-specialty facilities reflect the Statewide Pricing Reimbursement Methodology. The non-capital components of the rates for specialty facilities and units reflect rates of payment in effect for such facilities on January 1, 2009. The rate setting methodology regarding such rates of payments is authorized by §2808 2-c of the Public Health Law (PHL) and applicable to rate periods beginning on and after January 1, 2012.

Please see below for information regarding updates to the capital component of the rates for RHCF-4 and RHCF-2 filers.

RHCF-4 Filers and RHCF-2 Filers

The all-inclusive rates posted on the HCS include the following capital and non-capital components:

Capital component: If you are a RHCF-4 Filer, the capital component reflects a 2015 capital rate that is based upon your facility's 2013 certified cost report. If you are a RHCF-2 filer, the capital component of the rate has been updated to reflect allowable 2013 base year nursing facility capital costs based upon the step down of cost to the nursing facility using the 2013 ICR. These rates also include revisions and corrections due to inaccuracies in the calculations of the 2015 rates or have been revised to reflect allowable capital costs.

- The capital component of the rate will be zero for facilities which have not properly:
 - Submitted and certified their 2013 cost report or
 - Filed all of the required related company financial statements

Non-capital component: Reflects the non-capital portion of your facility's 2015 rate (see "Operating Component of the Rate" below for more information).

The 2015 capital and non-capital components of the rate are posted on the HCS directly under Facility Reports following the posting of this DAL and Statewide Reports.

Per Diem Transition Adjustments Related to Pricing Methodology

The Pricing methodology reflects a five year transition period, which begins with rate year 2012. During each of the five years, facilities are eligible for a per diem rate adjustment. The purpose of the per diem adjustment is to mitigate significant swings in revenues and provide a smooth transition to pricing, which will be fully implemented in 2017.

The per diem transition adjustments are calculated to limit the difference between a facility's Medicaid revenue calculated under pricing (see (i) below) and a facility's Medicaid revenue, as calculated by their July 7, 2011 non-capital Medicaid rate (see (ii) below) to no greater than a percentage of the facility's current Medicaid Revenue received from their July 7, 2011 non-capital Medicaid rate.

For the 2015 rate year the percentage is 7.5% and increased to 10% in 2016.

(i) A facility's Medicaid revenue is calculated by summing the direct component, indirect component, and non-comparable components of the price in effect for each eligible facility on January 1, 2014, and multiplying such total by the facility's 2010 Medicaid days or the most recently available Medicaid days as of October 24, 2011 as determined by the Commissioner.

(ii) A facility's Medicaid revenue is calculated by multiplying the facility's July 7, 2011 non-capital Medicaid rate by the facility's 2010 Medicaid days or the most recently available Medicaid days as of October 24, 2011 as determined by the Commissioner and deemed not subject to subsequent reconciliation or adjustment. Facilities which are, subsequent to November 9, 2011, issued a revised non-capital rate for rate periods including July 7, 2011, reflecting a new base year that is subsequent to 2002, shall have such revised non-capital rate as in effect on July 7, 2011 utilized for the purpose of computing transition adjustments pursuant to this subdivision.

Facilities which do not have a July 7, 2011 rate as described above are not eligible for the per diem transition adjustment described herein.

Case Mix Adjustments to the Direct Component of the Price

The direct component of the price for non-specialty facilities is subject to case mix adjustments in January and July of each calendar year. The case mix adjustment for the direct component of the prices effective January 1, 2015 and contained herein, continue to reflect the

January 2014 case mix as published in the rates effective July 1, 2014. The patient counts used to determine the per diem add-on adjustments for bariatric (BMI), traumatic brain injured (TBI), and dementia residents also continue to reflect the counts applicable to the January 2014 MDS data as published in the rates effective July 1, 2014.

In addition, the January 2015 rates continue to reflect the interim per diem rate adjustment applied to the July 1, 2014 rates to limit the impact of the January 2014 case mix adjustments to no greater than plus or minus five percent from the case mix index. The interim rate adjustment is being applied to address what appears to be extraordinary case mix changes and to provide the Office of the Medicaid Inspector General the opportunity to audit the case mix data. At this time DOH/OMIG are processing the MDS audits, upon conclusion of these efforts the appropriate rate adjustments will be made to all dates affected.

Operating Component of the Rate

The non-capital components of the rates for **non-specialty** facilities reflect the elements of the Statewide Pricing Reimbursement Methodology. The non-capital components of the rates for **specialty** facilities reflect rates of payment which are the rates of payment in effect for such specialty facilities on January 1, 2009. Specialty facilities include facilities or discrete units of facilities described in PHL §2808 2-c (c).

Please note that under the pricing methodology and as prescribed by regulation (Part 86-2.40(e)(1) for Direct Price and Part 86-2.40(o)(1) for Indirect Price), rates effective January 1, 2015, will reflect the following prices. Please note the prices do not reflect facility specific case mix adjustments, wage equalization factor (WEF) adjustments, quality adjustments and bed hold adjustments.

Direct Component of the Price Medicare Ineligible Price, Medicare Part D Eligible Price (HBF +300 Bed Peer Group)					
Effective Date of Prices	Direct Price	50% of Direct Price	Direct HBF +300 Bed	50% of Direct HBF +300 Bed Price	Total Direct Component of Price for HBF +300 Bed Peer Group
1/1/2015	\$117.94	\$58.97	\$130.97	\$65.49	\$124.46
Direct Component of the Price Medicare Part B Eligible Price, Medicare Part B and Part D Eligible Price (HBF +300 Bed Peer Group)					
Effective Date of Prices	Direct Price	50% of Direct Price	Direct HBF +300 Bed Price	50% of Direct HBF +300 Bed Price	Total Direct Component of Price for HBF +300 Bed Peer Group
1/1/2015	\$116.33	\$58.17	\$129.25	\$64.63	\$122.79
Direct Component of the Price Medicare Ineligible Price, Medicare Part D Eligible Price (-300 Bed Peer Group)					
Effective Date of Prices	Direct Price	50% of Direct Price	Direct -300 Bed Price	50% of Direct -300 Bed Price	Total Direct Component of Price for -300 Bed Peer Group
1/1/2015	\$117.94	\$58.97	\$110.70	\$55.35	\$114.32
Direct Component of the Price Medicare Part B Eligible Price, Medicare Part B and Part D Eligible Price (-300 Bed Peer Group)					
Effective Date of Prices	Direct Price	50% of Direct Price	-300 Bed Price	50% of Direct -300 Bed Price	Total Direct Component of Price for -300 Bed Peer Group
1/1/2015	\$116.33	\$58.17	\$109.14	\$54.57	\$112.73
Indirect Component of the Price (HBF +300 Bed Peer Group)					
Effective Date of Prices	Indirect Price	50% of Indirect Price	Indirect HBF +300 Bed Price	50% of Indirect HBF +300 Bed Price	Total Indirect Component of Price for HBF +300 Bed Peer Group
1/1/2015	\$59.26	\$29.63	\$68.61	\$34.31	\$63.93
Indirect Component of the Price (-300 Bed Peer Group)					
Effective Date of Prices	Indirect Price	50% of Indirect Price	Indirect -300 Bed Price	50% of Indirect -300 Bed Price	Total Indirect Component of Price for -300 Bed Peer Group
1/1/2015	\$59.26	\$29.63	\$54.06	\$27.03	\$56.66

Information Regarding the Submission of Appeals

Operating Rate Appeals: Facilities are reminded that effective April 1, 2009, statute provides the Department will only review operating rate appeals for the correction of computational errors or omissions of data by the Department in determining the operating rate based upon information submitted to the Department prior to the computation of the rate. This applies to all administrative operating appeals submitted to the Department on or after April 1, 2009, regardless of the period they pertain to. Thus, all operating appeals submitted under the

timeframes provided in this DAL must be in accordance with these provisions. Operating rate appeals submitted that are not in accordance with these provisions are invalid.

Facilities are also reminded that effective April 1, 2009 the Department will not consider any revisions made to a facility's annual cost report (regardless of the year the cost report applies to) for operating adjustment purposes later than the due date established by the Commissioner.

Capital Rate Appeals: Facilities have 120 days from the date of this letter, or until July 1, 2015 to submit appeals to the rates provided herein. The Department will only accept operating rate appeals for the correction of computational errors or omissions of data by the Department in determining the operating rate based upon information submitted to the Department prior to the computation of the rate. Please be advised that the Department will not accept appeals to the MDS data used to calculate case mix.

APPEAL SUBMISSIONS FOR ALL FACILITIES (RHCF-4, Hospital Based RHCF-4 and Hospital Based RHCF-2 filers)

The Department's March 3, 2009 DAL (available on the HCS) provided that appeals submitted on or after April 15, 2009 by mediums other than the **Electronic Appeals Submission (EAS) System** would not be accepted. Initially, appeal submission via the EAS System was applicable only for RHCF-4 filers. On a going forward basis beginning with the 2014 RHCF and ADHC rates, EAS is being extended to apply to RHCF-2 filers as well. Accordingly, providers that file the RHCF-2 cost report are directed to review the Department's March 3, 2009 DAL for detailed instructions for using the EAS System. The EAS System is accessed through the HCS (<https://commerce.health.state.ny.us>) by selecting "Application" in the menu bar, then Browse by N and select "Nursing Home Appeal System" from the list. You can refresh your "My Applications" list by clicking on My Account > "Refresh My Application List", click the log out button, then log back in to see the update under My Applications. It should be noted that the publication date to be utilized is the date of this letter, input in the following format 02/25/2015.

The EAS System contains features to provide users with assistance, including links to frequently asked questions (FAQs), a User Guide (Help), and access to regulations related to Medicaid reimbursement for nursing homes (i.e., Title 10 of the New York Code of Rules and Regulations (10 NYCRR)). Most screens provide a small tool bar for the user, allowing creation of a new appeal or quick access to the "appeal search" mechanism.

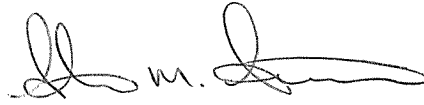
Questions or issues regarding using the EAS that cannot be resolved by the FAQs or Help links should be submitted via email to the DOH's Bureau of Managed Long Term Care/FFS at: nfrates@health.state.ny.us.

EMAIL ADDRESS

To provide you with assistance in understanding the methodology used to calculate the rates provided herein, and help us effectively manage and be responsive to the volume of inquiries we receive, the Department has established the following email addresses for the submission of questions: NFRates@health.state.ny.us

All email correspondence should include the facility name in the subject line, along with the operating certificate number, the sender's phone number, and question(s) in the body of the email.

Sincerely,

A handwritten signature in black ink, appearing to read "S.M. Simmons". The signature is fluid and cursive, with a large initial "S" and "M".

Steven M. Simmons
Director
Bureau of Long Term Care/FFS
Office of Health Insurance Programs
1 Commerce Plaza-Room 1430
99 Washington Avenue
Albany, New York 12210