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MEMORANDUM

TO: RHCF Members

FROM: Darius Kirstein, Senior Policy Analyst

DATE: September 18, 2009

SUBJECT: **2009-10 Medicaid Rate Updates**

ROUTE TO: Administrator, CFO

ABSTRACT: DOH issues 1/1/09 rates, provides other clarifications for 2009-10 rates.

Introduction

Members should have received January 1, 2009 Medicaid rate sheets this week. Based on this timeframe, retroactive payments tied to these rates should be received by the end of October. This memo highlights key points of the Dear Administrator Letter (DAL) that accompanied these rates and provides additional information on several other rate-setting issues on which NYAHS has been working with the Department of Health (DOH).

January 2009 Rates

State deficit reduction actions delayed the implementation of a 2002 base year until April 1, 2009. As a result, rates covering the first quarter of 2009 are still calculated using the 1983 reimbursement methodology and rely on the same case-mix adjustments used in the most recent 2008 rate.

Members should see three changes when they compare their new and current rates:

- an update to their capital component to reflect 2007 capital costs;
- an increase of roughly three percent to the operating component to incorporate trend factor and banking adjustments; and
- updates to universal precautions, measles & rubella, and criminal background check adjustments based on 2007 reported costs.

Additionally, facilities receiving dementia grant awards should see this funding listed on Schedule VII and reflected in the adjustments section.

The rate packet should include the complete nursing home rate sheets as well as any adult day health care rate and/or hotline appeal response, if applicable. Capital rate sheets must be accessed on the HPN. Instructions on how to do this are posted as Attachment 1 to this memo.

Although these rates are effective for the period 1/1/09 through 3/31/09, as is the longstanding practice, DOH will pay these rates until such time as they issue 4/1/09 rates. At that time they will reconcile payments back to 4/1/09.

Rate Appeals

Nursing homes have 30 days from the date of receipt to appeal the operating component or hotline revisions made to the capital component. Appeal limitations and the requirement that all appeals be filed electronically are covered in detail in the DAL.

April 2009 Rates

DOH continues the work of finalizing the 4/1/09 rates, which will be based on the new 2002-based payment methodology that incorporates an MDS-driven RUG-III case-mix adjustment using only Medicaid residents. Barring further delays, DOH intends to submit the 4/1/09 rates to the Division of the Budget for review sometime in October.

The Joint Association Task Force (JATF) identified an oversampling concern with the methodology that DOH was intending to use for case-mix adjustment. In a nutshell, “oversampling” refers to the fact that Medicare and HMO patients (which generally have higher case-mix scores) typically have shorter stays and are assessed more often than Medicaid patients, and therefore can be over-represented in case-mix calculations. NYAHSa has been working closely with DOH to address this issue that, if unaddressed, has the potential of significantly skewing case-mix adjustments for many facilities.

Census Roster Submissions

In a forthcoming DAL, DOH will provide instructions on submitting the 7/29/09 census roster that will be used to adjust rates for the period 7/1/09 through 3/31/10. Homes will be required to upload the information between October 5th and 16th.

As previously indicated, facilities will be required to submit a census roster for January 2010, but there will be no case-mix update to the 1/1/10 rates (they will still reflect case-mix from the 7/29/09 roster). DOH has confirmed that case-mix adjustments to regional rates that are scheduled to go into effect on 4/1/10 will be based on the January 2010 census roster submissions. The January 2010 roster submission will be the basis of case-mix adjustments made to rates for the period 4/1/10 through 6/30/10. Rates effective 7/1/10 through 12/31/10 will be adjusted using case-mix based on July 2010 roster submissions.

Specialty Rates

We have also received clarification from DOH that AIDS, ventilator, TBI and neurobehavioral specialty unit rates for 4/1/09 through 3/31/10 will be calculated and case-mix adjusted in the same way as RHCF unit rates. The one difference will be that the mean costs will be based on specialty-specific peer groups for each specialty group.

For 4/1/09 through 3/31/10, the hold harmless provision will be computed and applied in the same way as for non-specialty facilities: the hold harmless test will be applied using an all-payer case-mix after which any hold harmless rate will be adjusted to reflect the impact of a Medicaid-only case-mix. This impact will be calculated by subtracting a facility's new methodology rate adjusted using a Medicaid-only case-mix from the facility's new rate adjusted using an all-payer case-mix.

Conclusion

While DOH is making progress on rates, much work remains and timeframes are subject to change. NYAHSa is assisting DOH in any way we can to help ensure that the rates are accurate and are issued as quickly as possible.

We recognize that the many unknowns make it very challenging for facilities to plan and budget, and will continue to provide information as it becomes available. In the meantime, we encourage you to contact Darius Kirstein at 518-449-2707, ext. 104, or Patrick Cucinelli at ext. 145, or e-mail us at dkirstein@nyahsa.org or pcucinelli@nyahsa.org, with questions.

Attachment

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