



STATE OF NEW YORK DEPARTMENT OF HEALTH

Corning Tower The Governor Nelson A. Rockefeller Empire State Plaza Albany, New York 12237

Richard F. Daines, M.D.
Commissioner

Wendy E. Saunders
Chief of Staff

FEB 23 2009

Dear Administrator:

The purpose of this letter is to inform you of the Department's policy and procedures regarding the transition to the Minimum Data Set (MDS) data for Medicaid reimbursement. This policy and procedures were developed in collaboration with the Nursing Home Reimbursement Workgroup. The Workgroup was established by Statute and includes members of the Department and Provider Associations.

Beginning in 2009, pursuant to Chapter 109 of the Laws of 2006, a new case mix reimbursement system for residential health care facilities will be implemented. Medicaid rates will be subject to case mix adjustments through application of the relative resource utilization groups system of patient classification (RUG-III) employed by the Federal Government for payments to skilled nursing facilities pursuant to Title XVIII of the Federal Social Security Act (Medicare). The reimbursement system will employ the MDS 2.0 or subsequent revisions as approved by The Centers for Medicare and Medicaid Services (CMS). The reimbursement system will also employ the 53 Group RUG-III Classification System model version 5.20.

In a Dear Administrator Letter dated April 4, 2008, posted on the Health Provider Network, you were notified of changes being made to Section S of the MDS. CMS allows each state to collect information of specific interest in Section S. New York State requested that three new items of information be added to Section S that identify residents eligible for specialty unit/facility Medicaid reimbursement, identify residents eligible for enhanced Medicaid rate reimbursement add-ons for specific conditions, and identify the primary payor. This information is required to be available from MDS assessments effective October 1, 2008 for Medicaid reimbursement purposes beginning in 2009.

Attached is the Department's policy and procedures to obtain and process the required MDS data to calculate nursing facility Medicaid reimbursement rates. It is requested that you review this attachment and make it available to appropriate members of your staff.

If you have any questions about the implementation of RUGS-III using the MDS for Medicaid reimbursement please contact the Resident Assessment Unit in the Bureau of Long Term Care Reimbursement at (518) 473-8910. If you have any questions on completing the MDS assessment document, including Section S, please call the MDS Helpline at (518) 408-1658.

Sincerely,

Lana I. Earle
Director

Bureau of Long Term Care Reimbursement