

September 28, 2011

Dear Providers,

The purpose of this letter is to provide those Medicaid facilities and vendors who assisted with Hurricane Irene evacuation efforts with an update on discussions held thus far with CMS and the other Federal relief agencies regarding reimbursement and billing policies.

Specifically, the information below discusses the results from the Department's impact survey, principles applied to developing the disaster relief reimbursement rules, the role Medicaid will play in appropriately reimbursing for services as well as other sources of relief from FEMA and next steps for resolving this situation.

In developing the reimbursement policies discussed below, the Department has reached out to the Trade Associations, key stake holders and the appropriate Federal agencies to craft a set of principles to be applied to guide the process. These principles are: pay providers timely; reimburse a fair amount for services rendered; require appropriate documentation to ensure payment integrity and conform to current Federal rules. You will see that the challenge of implementing these principles is that in some cases they conflict. The Department has and will continue to strive to find the appropriate balance of these measures to bring this issue to satisfactory resolution.

In our discussion with CMS and the other Federal relief agencies it was determined that a provider impact survey was required to understand the scope of damage and potential sources of relief. This information is critical for CMS to evaluate approaches for gaining relief (i.e. 1135 Waiver). As of Friday, September 9th, the Department received 238 completed survey forms which indicate that at least 5700 patients in health care facilities were relocated. This data has been shared in raw form with the hospital and nursing home associations and a summary of that data will be forthcoming shortly and will be posted on the DOH website.

Medicaid Reimbursement for Operating Costs:

To expedite payments for disaster relief services, the Department and CMS have decided to rely upon existing reimbursement policies to the extent possible. This will not only avoid the need for additional Federal approvals but will also allow for the State to use the existing EmedNY system to make payments. For instance, when a patient was transferred from a nursing home (with existing staff) to a receiving hospital or another nursing home, the Department and CMS are

contemplating a full payment to the Nursing Home and a partial payment to the receiving hospital or nursing home (likely some portion of alternative level of care payment for the hospital and the existing nursing home rate for the nursing home). Other payment scenarios are also under review when the relocation took place from one hospital to another. Here again, the Department is aiming to make discrete payments directly to the transferring and receiving facilities. We expect to have each of the various payment scenarios vetted through CMS very shortly along with specific billing and documentation requirements.

Evacuation Transportation Costs:

The Department fully recognizes that the success of the Hurricane Irene response began with the effective relocation of patients to a safer environment. To reimburse ambulances and other vendors, the Department is coordinating with FEMA on possible approaches to reimbursement and expects to have policy guidelines available shortly. Please use the following web site for additional details as well as other application information.

(<http://www.dhSES.ny.gov/oem/recovery/>)

Facility Damage and Reimbursement:

Hurricane Irene and the flooding damage that followed left some facilities with major damage. Financial assistance to State and local governments and certain private nonprofit organizations for the repair or replacement of disaster-damaged public facilities located in the following counties may be available:

Albany, Bronx, Clinton, Columbia, Delaware, Dutchess, Essex, Franklin, Greene, Hamilton, Herkimer, Kings, Montgomery, Nassau, New York, Orange, Otsego, Putnam, Queens, Rensselaer, Richmond, Rockland, Saratoga, Schenectady, Schoharie, Suffolk, Sullivan, Ulster, Warren, Washington and Westchester.

Health care providers are to file for assistance through their local counties. FEMA is holding county applicant briefing sessions over the next several weeks. Currently the following have been held:

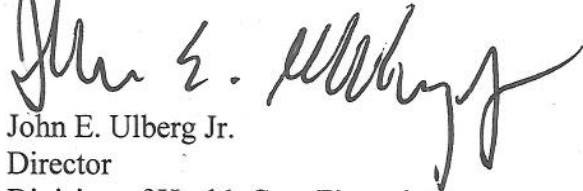
- September 14, 2011 - Nassau County
- September 15, 2011 - Suffolk County
- September 16, 2011 - New York City
- September 19, 2011 - Westchester County

It is anticipated that additional applicant briefings are being scheduled by the counties affected and facilities should keep in contact with their local county OEM offices. Facilities who plan on applying to FEMA for assistance should attend these sessions. Applications will be made available at these sessions. Additional information related to this process can be found on the NYS Office of Emergency Management website at <http://www.dhSES.ny.gov/oem/recovery/>. In addition there is a PowerPoint presentation of the applicant briefing session available on this website.

The Department would like to thank all the providers for the tremendous job that was done in ensuring the safety of patients in the emergency situation through the extra efforts by your staff

and emergency personnel. We look forward to working with you regarding these issues and will be providing further information and details in the coming weeks regarding Medicaid reimbursement policies. Should you have any questions, or require further information, you can send an email to the following address: bpacr@health.state.ny.us.

Sincerely,

A handwritten signature in black ink, appearing to read "John E. Ulberg Jr.", written in a cursive style.

John E. Ulberg Jr.
Director
Division of Health Care Financing