

Implementation of Nursing Home Rebasing, Statewide Pricing, and Other 2011-12 Budget Actions

Nursing Home Industry Webinar
New York State Department of Health
Nursing Home Associations
May 26, 2011

Agenda

- ▶ **Rebasing and Remediation Plan**
(Rate periods 4/1/09 through 9/30/11 **or** 12/31/11)
- ▶ **Statewide Pricing and Quality Pool ~ Next Steps**
- ▶ **Implementation of Rate Schedules for Rebasing and Remediation Plan**

To facilitate today's discussion and assist the Department in efficiently addressing inquiries about today's Webinar, please direct all questions and comments to

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Remediation Plan Payment Methodology

- The Nursing Home Industry and the Department worked collaboratively to develop a plan to mitigate adverse impacts of rebasing
- Facilities negatively impacted by the combined two-year impact of Rebasing, Medicaid only case mix and \$210 million nursing home cap/scale back provisions will receive remediation payments
 - The calculation does not take into account the negative impacts from trend reductions or the impact of the July 1, 2010 case mix adjustment
 - Remediation payments are not included in the calculation of the \$210 million spending cap

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Method to Allocate Remediation Plan Payments

(\$276.6 million in per diem add-ons to the 5/1/2011 - 5/31/2011 rate period)

- ▶ **100% of Net Reduction is Mitigated (\$94.9 million, 52 facilities) for:**
 - Facilities Eligible for 2009 Financially Disadvantaged Distributions
 - Non-public facilities w/ 70% or more Medicaid Utilization and 2009 (or 2008 if applicable) operating losses in excess of 5% of operating revenue
 - Pediatric Facilities
 - Facilities whose two year impact of the scaleback/cap provisions exceeds \$6 million
- ▶ **50% of Net Reduction is Mitigated for Remaining Facilities (\$124.5 million, 161 facilities)**
- ▶ **Losses are restricted to no more than 2% of pre-rebasing operating revenue (\$57.2 million, applies to 87 of the 161 facilities described above)**

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Financing Sources for Nursing Home Remediation Plan

Budget Actions to Support Budget Neutral Remediation Payments	2011-2012
Uniform Rate Reduction of \$27.1 million (4/1/2011 – 6/30/2011) - Offsets trend increase for 1/1/11-3/31/11	\$27.1M
Reallocation of 2010 & 2011 Financially Disadvantaged Payments	\$60M
Temporary Nursing Home Stability Contributions (0.4% increase in non-reimbursable assessments, effective 4/1/2011, reduced to 0.2% 4/1/2012, further reduced to 0.0% on 11/1/2012)	\$58M
Reduce Appeal Cap from \$80 million to \$50 million in 2011-12	\$30M
Process the 2008 Cash Receipts Assessment Reconciliation thru 2009	\$30M
Additional Assessment Collection	\$40.9
Additional Financing Sources	\$43.4
Total	\$289.4M

*2011-12 savings of \$12.8M was applied in 2012-13 to balance the state financial plan

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Other Budget Actions

- ▶ Continue annual Nursing Home appeals cap
 - Cap is \$50 million in 2011-12 and increases to \$80 million annually through 2014-15
 - Authorization to enter into negotiated appeals settlements is made permanent
- ▶ Assessments
 - Per industry preference an additional .8% increase in non reimbursable assessments in lieu of 2% across the board cut to nursing homes and adult day health care
- ▶ Safety Net provisions, authorizes temporary rate increases for NHs ~ DOH is developing guidelines
- ▶ Bed Hold Modification (Effective January 1, 2012)
 - Eliminates the ability to bill for reserved bed days for all Medicaid Recipients over 21 due to hospitalizations
 - Facilities can regain the ability to bill for such days, consistent with the current statute, if the Home enrolls 50% of their eligible residents in a Medicare Managed Care Program
- ▶ Financing Nursing Home Sprinklers ~ DOH/ Industry is working on options
- ▶ Elimination of Payments to Proprietary Facilities for Equity
 - DOH and the Associations are working on options

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Nursing Home Pricing and Quality Pool

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2011-12 Budget Authorizes Pricing Methodology

- ▶ Statewide Price with a Wage and Medicaid Only Case Mix adjustment
 - Effective 10/1/11 or no later than 1/1/12

- ▶ Collaborate with the Nursing Home Industry to Refine Methodology
 - Transition Pool (Minimum of 4 years)
 - Establish a Quality Pool

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Principles of Medicaid Pricing Methodology

- Be transparent and administratively efficient; be predictable and facilitate timely payments
- Pay reasonably and adequately for quality care for Medicaid patients
- Encourage cost-effective care and promote efficiencies
- Include appropriate payment adjustments to reflect cost-influencing factors
- Encourage and reward quality care and promote care innovations
- Encourage care in the appropriate setting; assure adequacy of alternate settings
- Be updated periodically
- Comply with Federal Medicaid rules
- Reinforce health systems planning and advance state health care programs
- Be consistent with available resources

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Industry Develops Options for Statewide Pricing Methodology and Quality Pool

Actions / Rate Schedule	Estimated Date of Deliverable
Timeline for Implementing Statewide Pricing Methodology	
Industry Develops Pricing/ Quality Methodology	Summer 2011
Finalize Regulations, Issue Notice Rates and Hold Industry Webinar Briefing	2 – 4 Weeks Later
Submit SPA Statewide Pricing Methodology and Regulations to CMS	
Implement Pricing Methodology	October 1, 2011 , no later than January 1, 2012

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Implementation of Rate Schedules for Rebasing and Remediation Plan

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Nursing Home Rebasing/ Remediation Plan Implementation Schedule

Rate Schedule (See Following Slides for More Detail)	Anticipated Date of Payment
<ul style="list-style-type: none"> •Rebasing Rates (-\$45.7 M) •Nursing Home Remediation Payments (+\$276.6 M) (CMS Approval Expected Early June) •2010 Capital Rates 	<p>Checks Dated June 27 Paid July 13</p>
<p>2008 Cash Receipts Assessment Reconciliation (+\$61M)</p>	<p>Checks Dated June 27 Paid July 13</p>
<p>2009 Financially Disadvantaged Payments (+\$30M)</p>	<p>Dear Administrator Letter (DAL) Mailed on May 24th</p>
<ul style="list-style-type: none"> •July 2010 Case Mix Adjustment •2011 Trend Factor Increase (Jan, Feb, Mar 2011) •2011 Capital Rates 	<p>Rates Anticipated to be Paid in September 2011</p>
<ul style="list-style-type: none"> •Uniform Rate Reduction of \$27.1 million 	<p>Rates Anticipated to be Paid in October 2011</p>

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Checks Dated June 27, 2011 and Paid on July 13, 2011

April 1, 2009 Rates

- Reflect Rebasing,
- Medicaid Only Case Mix (January 2009 MDS Data),
- **No scale back adjustment,**
- Elimination of 2008 and 2009 trend factor adjustments,
- 2009 Capital rates

May 1, 2009 Rates

- April 1, 2009 rates modified to include scale back per diem

July 1, 2009 Rates

- May 1, 2009 rates modified to reflect Medicaid Only Case Mix Update for July 2009 MDS
- Scale back adjustment updated

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Checks Dated June 27, 2011 and Paid on July 13, 2011 (Continued)

January 1, 2010 Rates

- July 1, 2009 Rates modified to reflect Medicaid Only Case Mix update for January 2010 MDS,
- Updated scale back adjustment,
- “Banking” trend adjustment in 2010 for the final 2009 trend factor applicable to the first quarter of 2009
- 2010 Capital rates

April 1, 2010 Rates

- January 1, 2010 Rates modified to reflect scale back adjustment for 12 months

January 1, 2011 Rates

- Reflect April 1, 2010 rates modified to reflect the elimination of the “banking” trend adjustment

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**Checks Dated June 27, 2011 and Paid on July 13, 2011
(Continued)**

May 1, 2011 Rates (Only for Homes Receiving Remediation Payments)

- Modified January 1, 2011 rate to include remediation adjustment

June 1, 2011 Rates (Only for Homes Receiving Remediation Payments)

- Modified May 1, 2011 rates to remove remediation adjustment

In addition, the June 27th checks will reflect the processing of the 2008 Cash Receipts Assessment Reconciliation Rate Package Schedule (adjustment will roll through 2009)

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Rates Anticipated to be Paid in September 2011

July 1, 2010 Rates

- April 1, 2010 rates Modified to reflect Medicaid Only Case Mix Update for July 2010 MDS
- Recalculated scale back adjustment

January 1, 2011 Rates

- Modified to reflect Medicaid Only Case Mix Update for July 2010,
- 2011 Capital Rates,
- 2011 Trend Factor Increase (applicable to Jan Feb March 2011)

April 1, 2011 Rates

- Modify January 1, 2011 rate to eliminate 2011 trend factor

May 1, 2011 Rates (Only for Homes Receiving Remediation Payments)

- Modified to reflect Medicaid Only Case Mix Update for July 2010,
- 2011 Capital Rates

June 1, 2011 Rates (Only for Homes Receiving Remediation Payments)

- Modified to reflect Medicaid Only Case Mix Update for July 2010,
- 2011 Capital Rates

July 7, 2011 Rates

- Establish a July 7, 2011 rate to reflect the shift of the reimbursement of prescription drugs from the NH rate to fee-for-service

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Rates Anticipated to be Paid in October 2011

April 1, 2011 Rate

- Reflect per diem adjustment to effectuate \$27.1 million uniform rate reduction

May 1, 2011 and June 1, 2011 Rates (Only for Homes Receiving Remediation Payments)

- Reflect per diem adjustment to effectuate \$27.1 million uniform rate reduction

July 1, 2011 Rate

- Eliminates the uniform rate reduction

NOTE: The January 1, 2011 and July 1, 2011 Case Mix Adjustments Have Been Statutorily Eliminated for Rebasing Rates

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Financially Disadvantaged Payments

2009 FD Payments

- \$30 Million
- DAL Letter Mailed May 24, 2011
- Reminder that Restructuring Plans are Required

2010 FD Payments

- Published and Recouped (Resources allocated to Remediation Payments)

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Plan to Recover Outstanding Liabilities Recoupment Percentages

- ▶ For those homes identified as financially vulnerable (i.e. 2009 FD recipients and operating margin lower than -5%), the recoupment percentage is automatically set at 5%
- ▶ For those homes not identified as financially vulnerable, the recoupment percentage is set at 10%
- ▶ Homes that currently have a negotiated recoupment percentage lower than the 5% or 10% (depending on which they qualify for) would be recouped using the negotiated percentage
- ▶ Recoupments stemming from the transactions being reconciled at this time would run sequentially for homes that are currently being recouped

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Plan to Recover Outstanding Liabilities

- ▶ PROVIDERS BENEFITING FROM REBASING
 - DOH will intercept any liabilities owed to the state from positive payments

Example of Facility A

Retro Rebasing Amount (4/1/09 -3/31/11)	Medicaid Liability (PRI /Appeal)	Outstanding Cash Receipts Assessments	Net Payment to Facility
\$2,000,000	(\$500,000)	(\$500,000)	\$1,000,000

*OMIG recoveries may apply

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Plan to Recover Outstanding Liabilities

- ▶ PROVIDERS RECEIVING REMEDIATION PAYMENTS
 - Payments are netted against rebasing losses

Example of Facility B

Retro Rebasing Amount (4/1/09 – 3/31/11)	Remediation Payment	Medicaid Liability (PRI /Appeal)	Net Liability of Facility
(\$2,000,000)	\$1,100,000	(\$100,000)	(\$1,000,000)

*OMIG recoveries may apply

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Next Steps

- ▶ Nursing Home Rebasing Rates
 - DOH anticipates posting Rebasing/ Mitigation rates on HPN some time in early-mid June (upon CMS approval)
 - Follow-up Webinar will be scheduled week following publication of rates
- ▶ Finalize UPL payments for 2009 and 2010
 - DOH/ NYSAC will coordinate a follow up meeting with the facilities and counties

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Questions

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