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MEMORANDUM

TO: All Members

FROM: Patrick Cucinelli, Senior Director of Public Policy Solutions

DATE: March 29, 2011

SUBJECT: **IMPORTANT STATE BUDGET UPDATE**

ROUTE TO: Administrator/Director

ABSTRACT: NYAHS updates members on latest state budget developments.

Introduction

As members are aware, late Sunday afternoon, Governor Andrew M. Cuomo, Senate Majority Leader Dean Skelos and Assembly Speaker Sheldon Silver [announced an agreement](#) on a 2011-2012 state budget.

This was an announcement of a general budget agreement, which put in motion the formal processes to address a number of specific issues and enact an on-time budget by April 1, 2011. However, it is important to remember that despite this formal declaration, many of the details of the budget language are still being worked out now, especially some issues that directly impact our members. As of this writing, many of these details are indeed still being finalized, and NYAHS is actively monitoring this process and strongly advocating on behalf of our members. Please keep watching for NYAHS updates on what is still a very fluid process.

Latest Information

Based on the latest available information and subject to change, we are hearing that the final budget legislation will likely reflect:

- A global cap on Medicaid spending and two-year appropriation for Medicaid spending;
- 2% across-the-board (ATB) cuts to most Medicaid services, with opportunities to substitute alternative savings;
- A plan developed by NYAHS and other groups to move forward with nursing home rebasing and subsequent payment changes in a way that will stabilize rates, ameliorate negative impacts and add predictability. The plan also substitutes a less damaging 0.8% cash receipts assessment for the 2% ATB cut;

- Partial restoration of the cut in state appropriations for veterans homes;
- A “Living wage” requirement for home health care workers, which may be phased in over time and/or geographically and a contracting requirement for home care agencies that serve Medicaid managed care recipients;
- Requiring home care recipients to enroll in managed long term care or other “coordinated care” models if they require services for more than 120 days. We understand LTHHCPs will be considered coordinated care models for this purpose, but that adult day health care and CHHA services will be subject to this requirement.
- Requiring home care agencies with large annual billings to verify claims with an independent vendor before payment;
- State takeover of Medicaid estate recoveries (a NYAHSAs proposal);
- Rejection of spousal refusal elimination;
- Restoration of funding to the NY Connects program;
- Rejection of the proposed cap on non-economic damages in malpractice damage suits;
- Increases the Access to Home Program by \$1 million and the Low Income Housing Trust Fund by \$3.2 million;
- Rejects the Executive’s proposal to merge the Neighborhood and Rural Preservation Programs;
- Restore funding to the Title XX programs which include funding for senior centers in New York City; and
- Regarding New York State Office for Aging funded programs, the legislature has rejected the Governor’s competitive grant proposal, but did not provide additional funding, resulting in each impacted program being funded at 50% of their current funding level.

It appears that the majority of the Medicaid Redesign Team (MRT) budget proposals will be reflected in the final budget, including the governor’s longer term initiative to enroll most Medicaid recipients in managed care/coordinated care arrangements.

This has been a difficult budget process, and it is worth reflecting on some of the key issues:

- Although in this difficult economic climate providers will see cuts, we believe that the magnitude of the cuts will not be as severe as initially proposed and the joint efforts of NYAHSAs and its members have helped to mitigate the potential damage;
- The global Medicaid spending cap and how it will be implemented is a major concern;
- Any living wage requirement will set a new bar for unfunded mandates and government interference in the ability of providers to manage their own businesses at a time when cuts in reimbursement should be moving the state in the opposite direction;
- We hope that Medicaid redesign will lead to more collaborative approaches between the state, providers and consumers to intelligently reduce costs while improving the patient care experience and ensuring access to needed services, and we are encouraged that several NYAHSAs recommendations will likely be included in the final budget; and
- An expanded role for managed care/coordinated care will present both challenges and opportunities for our members, and NYAHSAs will be taking a lead role in assisting our members in adapting to this new business model.

NYAHSAs State Budget Conference Call

In anticipation of a final budget, we will be hosting a budget briefing conference call from **3:00 p.m. until 4:00 p.m. on Wednesday, March 30**. The call in number is **866-380-9615** and the member access code is **548776#**. The call will be recorded and posted to the NYAHSa Web site under the 'news' tab. We hope that the timing of this call will allow us to present the most up-to-date information available on the budget. Even if final budget language is still not available, we will proceed with the call and provide whatever information is available at the time.

For more information on some of the key points raised in this update, please refer to [NYAHSa Doc. ID # n00005049](#), and stay tuned for further updates. Please contact me with any questions at pcucinelli@nyahsa.org or call 518-867-8827.

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