



150 State Street, Suite 301 Albany, New York 12207-1698 Telephone (518) 449-2707 Fax (518) 455-8908 Web www.nyahsa.org

MEMORANDUM

TO: RHCF & Community Services Members

FROM: Darius Kirstein, Senior Policy Analyst

DATE: June 15, 2010

SUBJECT: **Trend Factor Cut Impact Estimates**

ROUTE TO: Administrator, CFO

ABSTRACT: Impact estimates of the recently enacted trend factor cut for nursing homes and home care agencies/programs are now available.

The emergency appropriation bill, commonly referred to as the “budget extender”, passed on June 7th included a number of cuts that were proposed in the original Executive Budget. The Medicaid cuts enacted in the extender will:

- Eliminate the 2010 1.7 percent trend factor for nursing homes and adult day health care (\$46.6 million), home care/personal care (\$25.8 million) and other Medicaid providers for the period 4/1/10-12/31/10;
- Cap nursing home rate appeals processing at \$80 million in the fiscal year (\$16.5 million);
- Cut bed hold payments to 95 percent of the nursing home rate, and limit to 14 days annually for hospitalizations and 10 days for leaves (\$6.9 million);
- Remove remaining prescription drug costs from nursing home rates and reimburse them separately, entitling the state to rebates (\$2.4 million);
- Implement home care efficiency actions, including coordination of services (\$0.6 million);
- Increase Medicaid fraud and abuse recovery target to \$1.2 billion (\$300 million);
- Manage non-emergency transportation (\$8.3 million); and
- Eliminate Congregate Services Initiative program (\$0.6 million).

Trend factor reduction impact estimates for nursing homes, Long Term Home Health Care Programs and Certified Home Healthcare Agencies are attached. The rest of the cuts are not amenable to provider-specific impact estimates.

The estimate lists, available by clicking on the attachment links below the window which frames this memo, present the anticipated 12-month dollar impact of the trend factor cut effective April 1, 2010. Note that the 2010 trend factor for the period 1/1/10 through 3/31/10 was eliminated previously under provisions of the December 2009 Deficit Reduction Plan.

The attached estimates were calculated by the Department of Health (DOH) and updated by NYAHSA in partnership with other associations to better reflect a full 12-month impact. If 2010 Medicaid rates are revised, as they are likely to be for nursing homes when the case mix is updated, these estimates will change. Members may calculate a more refined estimate by multiplying the operating portion of their projected 2010 rate by 1.7 percent.

Please keep in mind that any 2010 rate sheets that have been issued do not reflect a trend factor for 2010, meaning that the trend factor cut will not reduce any published rates but rather will prevent the rates from increasing by 1.7 percent on 4/1/10 as they otherwise would have.

Please address questions regarding the budget impact estimates to Darius Kirstein at dkirstein@nyahsa.org or by phone to 518-449-2707, ext. 104.