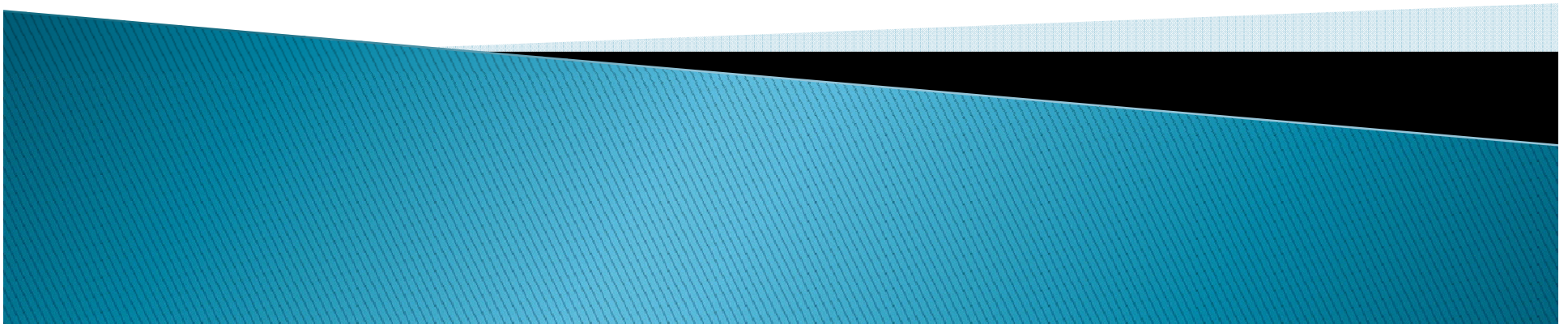


Webinar

4/1/09, 5/1/09 and 1/1/2010

Nursing Home Rates

New York State Department of Health
Joint Association Task Force



Agenda

- ▶ Initial Notice Rates
- ▶ Components of Rebased Rates
- ▶ Rebasing Provisions
- ▶ Per Diem and Applicable Base Year Allowable Cost Adjustments
- ▶ Minimum Data Set (MDS) Data
- ▶ Proportional Adjustment for \$210 Million Spending (“Scale Back Adjustment”)
- ▶ Capital Per Diems
- ▶ Appeals
- ▶ Appeals Submission
- ▶ Audits
- ▶ Assistance and Questions Regarding the Rebased Rates

Initial Notice Rates

- ▶ The 4/1/09, 5/1/09 and 1/1/10 rates have been issued as “Notice Rates”
- ▶ Notice Rates will be published and processed for payment upon CMS approval
 - The Department is waiting for approvals of applicable State Plan Amendments from the Centers for Medicare and Medicaid Services (CMS)

Components of Rebased Rates

▶ Rates Effective April 1, 2009

- Operating Component – 2002 or Subsequent Cost Base
- Capital Component – Continuation of Capital in January 1, 2009 Rate (2007 Cost Report)
- Per Diem Adjustments – Hepatitis B, Measles & Rubella, Criminal Background, Dementia Grants -Continuation of Per Diems from January 1, 2009 Rate.
- MDS – 2002 or Subsequent Base Year Data for “Frozen Data”
- MDS – 2009 January Census Roster Data for Medicaid Only Case Mix Adjustment

▶ Rates Effective May 1, 2009

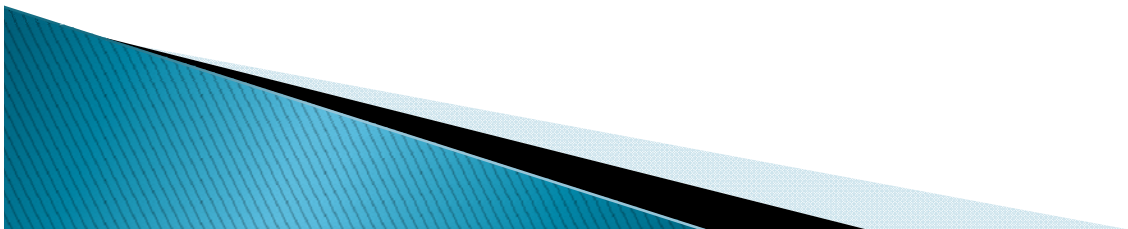
- All Elements the Same as April 1, 2009 Rates *EXCEPT for*:
 - the “Scale Back” Adjustment for \$210 Million Spending

▶ Rates Effective January 1, 2010

- All Components the same as the May 1, 2009 rate *EXCEPT for*:
 - Capital Component – Capital from 2008 Cost Report
 - Per Diem Adjustments – Hepatitis B, Measles & Rubella, Criminal Background, Dementia Grants - Updated as Applicable for 2010 Rate Year

Rebasing Provisions

- ▶ Update the Base Year to 2002 or Subsequent Base Year
- ▶ Hold Harmless Provision
- ▶ Real Property Taxes and Payment in Lieu of Taxes (PILOT)
- ▶ Adjustments to the Direct Component of the Operating Component
 - Case Mix Adjustment (RUGs III)
 - Administrative Overhead Allocation
- ▶ Peer Group Ceilings
- ▶ Ceiling Adjustment for All Public Facilities, and Non-Public Facilities with Fewer than 80 Beds
- ▶ Corridors for Direct and Indirect Statewide Mean Prices

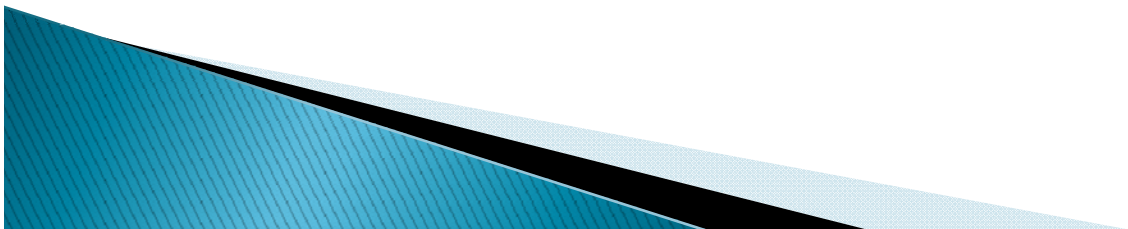


Per Diem and Applicable Base Year Allowable Cost Adjustments

- ▶ Per Diem Adjustments for:
 - Impaired Cognition/Behavioral/ Alzheimer's/Dementia
 - Body Mass Index (BMI)
 - Traumatic Brain Injury (TBI) Extended Care
 - Hepatitis B Vaccine
 - Measles and Rubella Immunization
 - Criminal Background Checks
 - Dementia Grants
- ▶ Wage Equalization Factor (WEF)
- ▶ Part B and Part D Adjustments
- ▶ Trend Factor
- ▶ Elimination of AIDS Occupancy Factor

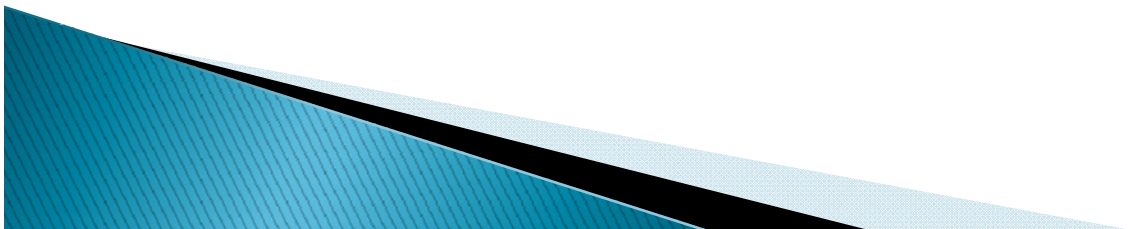
Minimum Data Set (MDS)

- Rebased Rates are Subject to Case Mix Adjustments Through Application of the Relative Resource Utilization Groups System of Patient Classification (RUG-III)
- All MDS Data is “RUGed” using:
 - The 53 Group RUG –III Classification System
 - Index Maximization
 - New York Specific Weights



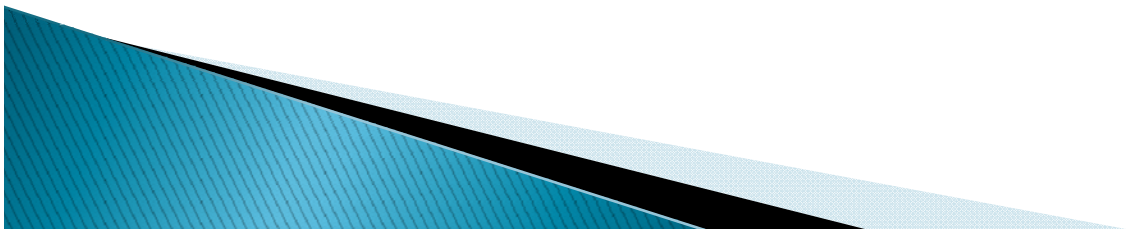
MDS “Frozen” Base Year Data

- ▶ Uses 2002 Base Year or Applicable Base Year MDS Data
- ▶ Base Year Data Developed Using a Four Quarter Mid-Point Methodology
- ▶ Based upon discussions with the Joint Association Task Force, the Four Quarter Mid-Point Methodology was Further Refined to Address Over Sampling of Medicare MDS Data
- ▶ Discrete Specialty Unit/Facility data was Identified by Matching the MDS data to the Applicable Patient Review Instrument (PRI) data for Each Facility



MDS 2009 Case Mix Adjustment

- ▶ Case Mix Adjustment to the Rebased Direct Component uses the MDS Data culled as a result of the January 2009 Census Roster Data Submitted by Each Facility
- ▶ The Case Mix Adjustment is based on a Medicaid Only Case Mix



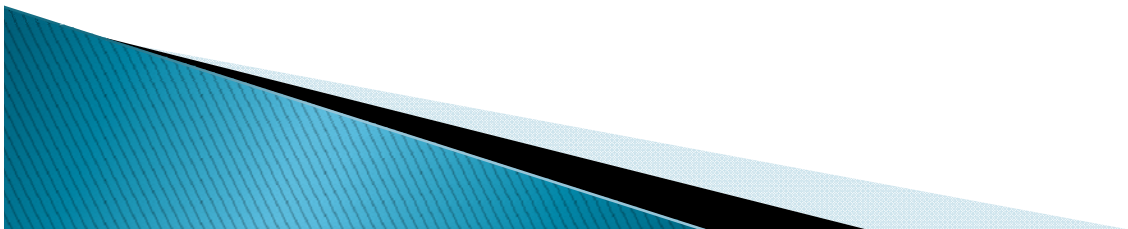
Proportional Adjustment for \$210 Million Spending (“Scale Back Adjustment”)

▶ Scale Back Adjustment

- Chapter 58 of the Laws of 2009 Requires the April 1, 2009 Rates to Include Proportional Adjustments that Limits Statewide Spending as a result of Rebasing and Medicaid Only to no more or no less than \$210 Million
- The Scale Back Provisions required a proportional reduction in rates of \$165 million
- The Scale Back Per Diem was determined by taking each facility’s estimated Rebasing Revenue as a Percent of total Statewide Revenue
- Each Facility’s Percent Share is Multiplied by the scale back amount (\$165 million) to Determine the Facility’s Scale Back Adjustment
- The scale back adjustment is reflected in Rates Effective May 1, 2009 and January 1, 2010

Capital Per Diems

- ▶ Rates Effective April 1, 2009 and May 1, 2009
 - The Capital Per Diem is a Continuation of the Capital Per Diem in the Rate Effective January 1, 2009 based on the applicable 2007 Cost Report
- ▶ Rates Effective January 1, 2010
 - The Capital Per Diem is Updated for Capital Reported in the Applicable 2008 Cost Report



Appeals

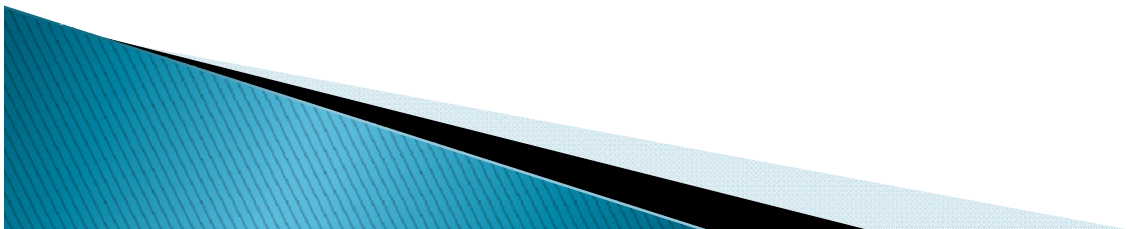
- ▶ Appeals to April 1, 2009 and May 1, 2009 Rates
 - Capital Appeals
 - The process for 2009 rate appeals is complete, no further appeals can be accepted
 - Please note, that any capital appeals previously accepted for the January 1, 2009 rates will automatically roll forward, if applicable, into the April 1st and May 1st Rate
 - Operating Appeals
 - Facilities will have 120 days from the date of the DAL to submit appeals
 - In accordance with Statute effective April 1st 2009, the Department will only accept operating rate appeals for the correction of computational errors or omissions of data by the Department
 - Appeals to the MDS data will not be accepted
- ▶ Appeals to January 1, 2010 Rates
 - ▶ Same as process for April 1, 2009 and May 1, 2009 Rates Except Facilities will have 120 days from the date of the DAL to submit appeals to the **capital component of the rate**

Appeals Submission

- ▶ As a reminder, RHCF 4 filers are required to submit appeals through the Department Electronic Appeals Submission system (EAS)
- ▶ **RHCF 4 filers**
 - All 2009 and 2010 rate appeals must be submitted using the electronic appeals submission system and must be transmitted within 120 days from the date of the DAL.
- ▶ **RHCF 2 Filers**
 - Must Continue to submit Appeals in Hard Copy by mailing them to the address provided in the DAL
- ▶ Detailed instructions regarding EAS system access are provided in the DAL dated March 3, 2009 available on the HPN
- ▶ Questions or issues regarding using the New EAS that cannot be resolved by the FAQ's or Help Links should be submitted via E-mail to the DOH's Bureau of Long Term Care Reimbursement at nfrates@health.state.ny.us

Audits

- ▶ As a reminder, please note that cost reports submitted for the 2002 calendar year or any subsequent year used to determine the operating component of the 2009 rate will be subject to audit through December 31, 2014 (PHL § 2808-2b(d)).



Assistance and Questions Regarding the Rebased Rates

- ▶ To provide you further assistance in understanding the methodology used to calculate your initial rates, and to effectively manage the volume of inquiries and be responsive to your questions, the Department has established the **following email address** which we are requesting you use to submit questions regarding the contents of the transmittal letters and the computation of your rates

nfrates@health.state.ny.us

- ▶ All e-mail correspondence **should include the facility name in the subject line**, along with the operating certificate number, the sender's phone number, and question(s) in the body of the e-mail.
- ▶ Please be advised that in addition to responding to your inquiry, the Department will be posting a general question and answer forum on the HPN.