



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 Members

FROM: Darius Kirstein, Senior Policy Analyst

DATE: May 6, 2010

SUBJECT: Nursing Home Reimbursement

ROUTE TO: Administrator, CFO

ABSTRACT: DOH has updated re-based 4/1/09 Medicaid rates and has shared their analysis of aggregate impacts.

Introduction

The Department of Health (DOH) has completed modifications to the 4/1/09 rebasing rates issued on January 13, 2010. The attached slides provide a listing of the major updates that were made as well as a DOH impact analysis that combines rebasing, the shift to Medicaid-only CMI, the scale-back adjustment as well as trend factor eliminations. The analysis shows counts of net “winners” and “losers” based on regional and sponsorship breakouts. An aggregate dollar impact for each breakout is also provided. While we continue to urge DOH to provide updated rate sheets to homes as quickly as possible, it is not clear when this will occur.

Changes Since January

The statewide change from the initial rates issued in January to the updated “final rebasing rates” is an increase of \$85 million, a figure that is largely driven by the inclusion of 2002 recruitment and retention funding in allowable costs. When this larger amount is constrained to \$210 million as required by legislation the scale-back adjustment increases from \$165 million to \$250 million.

The slides also provide the first information on case mix growth from January 2009 to July 2009. The statewide Medicaid-only CMI increased from .935 to 1.00, a jump of 7.1 percent. DOH estimates that this will increase the impact of rebasing by \$275 million, an illusory increase since the total impact is constrained to \$210 million. Members should keep in mind that unless we are successful in our attempts to exempt CMI changes from the cap (a difficult task given the magnitude of increase), any increase in rate due to CMI increases may be negated by an accompanying increase in the scale back amount.

According to the DOH analysis, 433 homes see a net benefit from rebasing and the move to a Medicaid-only CMI even after the scale-back is applied. However, 205 homes, 82 of which are voluntary, are expected to have a negative impact. When combined with pending trend factor reconciliations, it is clear that a number of homes will be facing additional financial struggles. Even DOH has expressed concern that of 131 homes that they identify as having “financial issues”, 62 are facing a net loss. NYAHSa has met with key legislative staff several times to discuss these issues and continues to work with lawmakers to get some form of relief from the imposition of the scale-back and Medicaid-only CMI.

If you have questions on this information, please contact me at dkirstein@nyahsa.org or 518-449-2707, ext. 104, or Dan Heim at dhein@nyahsa.org or ext. 128.