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MEMORANDUM

TO: RHCF Members

FROM: Darius Kirstein, Senior Policy Analyst

DATE: March 31, 2009

SUBJECT: **Nursing Home State Budget Impact Estimates**

ROUTE TO: Administrator, CFO

ABSTRACT: 2009-10 state budget impact estimates are now available for nursing homes.

Introduction

The 2009-10 state budget agreement contains expected but severe cuts for nursing homes. A memo providing a detailed summary of the provisions, [Document ID# n00003322](#), is accessible on the NYAHS Web site. Facility-specific impact estimates are attached to this document.

Impact Estimates

The estimate list, available by clicking on the Attachment 1 link below the window that frames the text of this memo, shows the estimated annual dollar impact of the provisions included in the 2009-10 state budget agreement on each nursing home. The listing includes the following cuts:

- A. elimination of the 2008 trend factor when 2009 and subsequent Medicaid rates are calculated (includes impact on specialty units other than pediatric);
- B. elimination of the 2009 trend factor (includes impacts on specialty units other than pediatric);
- C. reduction of recruitment and retention funding (includes impacts on specialty units); and
- D. a limitation on the amount of total funding available to implement rebasing for the period April 1, 2009 through March 31, 2010 (excludes impacts on specialty units).

Trend factor elimination, rebasing and Medicaid-only CMI impacts are based on estimates issued by the Department of Health (DOH). An additional \$56.8 million in reductions are not possible to attribute to individual facilities at this time.

Rebasing Funding Reduction

The agreement places a \$460 million cap on the aggregate funding available to implement rebasing for the period April 1, 2009 through March 31, 2010. The budget also enacts a statewide limit of -\$250 million on the negative impact of the implementation of a Medicaid-only case-mix index (CMI) for the first year. In combination, the \$460 million cap and the -\$250 million limit result in a net amount of \$210 million that will be available to implement a 2002-based Medicaid rate-setting system using a Medicaid-only CMI for the 2009-10 state fiscal year. This represents a reduction of approximately 25 percent on both the positive impact of rebasing as well as the negative impact of moving to a Medicaid-only CMI.

Please note that column D on the list shows the impact on each facility's projected rebasing funding of the 25 percent reduction. It does not represent the expected funding that a facility will receive from rebasing.

Rebasing Funding Estimates

Attachment 2 to this memo lists the facility-specific estimated impacts of rebasing using a Medicaid-only CMI as well as the constraints on total funding described above. The case mix reflected in these estimates is based on 2006 MDS data and will be updated to reflect 2009 MDS data when the rates are paid.

NYAHSa is seeking details on how DOH will implement rebasing and will provide updates and additional tools when available. In the meantime, if you have questions regarding the information in this memo, please contact me at dkirstein@nyahsa.org or by phone, 518-449-2707, ext 104.