

October 31, 2014

Subject: Draft Preliminary 2015 RHCF
and ADHC Rates

Dear Administrator:

This letter is to provide you information about your draft preliminary residential health care facility (RHCF) and medical adult day health care (ADHC) Medicaid reimbursement rates for the period commencing January 1, 2015.

The all-inclusive rates provided on HCS include the following capital and non-capital (i.e., the sum of the operating component of the rate including other per diem adjustments) components:

- Capital Component: Reflects a 2015 capital rate that is based upon your facility's 2013 certified cost report, and
- Operating Component: Reflects the non-capital portion of your facility's notice January 1, 2015 rate (see below under Operating Component of the Rate for more information).

The 2015 capital rates and the non-capital component of the rate are posted on the Health Commerce System (HCS) directly under the posting of this DAL under Facility Reports.

Capital Component of the Rate

The Department of Health (the "Department") has posted the draft 2015 capital component rate sheets for each RHCF-4 and RHCF-2 filer on the Health Commerce System (HCS). The capital component of the rate will be zero for facilities which have not properly:

- submitted and certified their 2013 cost report or
- filed all of the required related company financial statements.

Operating Component of the Rate

As indicated above the non-capital component of the rates provided in the Schedule reflects the non-capital portion of your facility's January 1, 2015 rate. However, please note that under the pricing methodology and as prescribed by regulation (Part 86-2.40(e)(1) for Direct price and Part 86-2.40(o)(1) for Indirect Price), rates effective January 1, 2015, will reflect the following prices. Please note the prices do not reflect facility specific case mix adjustments, wage equalization factor (WEF) adjustments, and quality adjustments.

Direct Component of the Price					
Medicare Ineligible Price, Medicare Part D Eligible Price (HBF +300 Bed Peer Group)					
Effective Date of Prices	Direct Price	50% of Direct Price	Direct HBF +300 Bed	50% of Direct HBF +300 Bed Price	Total Direct Component of Price for HBF +300 Bed Peer Group
1/1/2015	\$117.94	\$58.97	\$130.97	\$65.49	\$124.46
Direct Component of the Price					
Medicare Part B Eligible Price, Medicare Part B and Part D Eligible Price (HBF +300 Bed Peer Group)					
Effective Date of Prices	Direct Price	50% of Direct Price	Direct HBF +300 Bed Price	50% of Direct HBF +300 Bed Price	Total Direct Component of Price for HBF +300 Bed Peer Group
1/1/2015	\$116.33	\$58.17	\$129.25	\$64.63	\$122.79
Direct Component of the Price					
Medicare Ineligible Price, Medicare Part D Eligible Price (-300 Bed Peer Group)					
Effective Date of Prices	Direct Price	50% of Direct Price	Direct -300 Bed Price	50% of Direct -300 Bed Price	Total Direct Component of Price for -300 Bed Peer Group
1/1/2015	\$117.94	\$58.97	\$110.7	\$55.35	\$114.32
Direct Component of the Price					
Medicare Part B Eligible Price, Medicare Part B and Part D Eligible Price (-300 Bed Peer Group)					
Effective Date of Prices	Direct Price	50% of Direct Price	-300 Bed Price	50% of Direct -300 Bed Price	Total Direct Component of Price for -300 Bed Peer Group
1/1/2015	\$116.33	\$58.17	\$109.14	\$54.57	\$112.73
Indirect Component of the Price					
(HBF +300 Bed Peer Group)					
Effective Date of Prices	Indirect Price	50% of Indirect Price	Indirect HBF +300 Bed Price	50% of Indirect HBF +300 Bed Price	Total Indirect Component of Price for HBF +300 Bed Peer Group
1/1/2015	\$59.26	\$29.63	\$68.61	\$34.31	\$63.93
Indirect Component of the Price					
(-300 Bed Peer Group)					
Effective Date of Prices	Indirect Price	50% of Indirect Price	Indirect -300 Bed Price	50% of Indirect -300 Bed Price	Total Indirect Component of Price for -300 Bed Peer Group
1/1/2015	\$59.26	\$29.63	\$54.06	\$27.03	\$56.66

Information Regarding the Submission of Appeals

As a result of questions raised in connection with ongoing litigation, the Department's Division of Finance and Rate Setting, in conjunction with the Department's Division of Legal Affairs, has undertaken a review of the existing practice of allowing facilities to file administrative rate appeals with regard to rates which have not been approved by DOB and CMS and published as final rates in accordance with the provisions of Public Health Law §2807. As a result of that review, it has been determined that such administrative rate appeals may be accepted only with regard to published rates. **Thus, the draft preliminary 2015 rates provided herein are not subject to appeal.**

If you believe your preliminary **2015 Operating Rate Sheet** contains a significant error, please transmit information about the nature of the error by submitting an e-mail to NFRATES@health.ny.gov. **In the subject line of the email please type "2015 Preliminary Operating Rate" and your facility's name.** If you believe your preliminary **2015 Capital Rate Sheet** contains a significant error, please transmit information about the nature of the error by submitting an e-mail to BVAPR@health.ny.gov. **In the subject line of the email please type "2015 Preliminary Capital Rate" and your facility's name. All email requests for Operating and Capital must be received by the Department by December 1, 2014.** No requests will be accepted after this date. The Department will make every effort to review and address significant errors prior to the publication of the 2015 rates. Please note that failure to submit information about a possible error in the preliminary 2015 rate sheet or any action the Department takes in response to those possible errors will not preclude submission of a formal administrative capital rate appeal when such rate is published.

Such submissions that effect only the ADHC rate such as arms-length rental of offsite day care property and errors in reported Schedule 18 information (such as visits) should also be submitted for processing to NFRATES@health.ny.gov, with the subject line starting with **"ADHC - 2015 Preliminary Capital Rate" and your facility's name.** All such requests for offsite daycare rental reimbursement must be supported by accurately completed information in the cost report Schedule 18, particularly line 064, to attest that the rental agreement is an arms-length transaction in which the lessor is not a related organization as defined in Part 86-2.26. In addition, the submission must include a letter signed by the administrator confirming that no historical cost information is available for the leased off-site location.

Sincerely,



Steven M. Simmons
Director
Bureau of Managed Long Term
Care Rate Setting / FFS