

CMI Constraint Calculation

Nursing homes whose Case Mix Index (CMI) changed by five or more percent have an adjustment amount on line 14 of their July 1, 2012 initial rate sheets. Members report that the adjustment is difficult to validate. DOH has told us that in their calculation they compute a facility constraint percentage based on the five percent cap; this percentage is then applied to the annual revenue increase that an unconstrained case mix increase would provide. For example, a CMI increase of eight percent capped at five percent represents a constraint of 37.5 percent.

In this eight percent example, DOH would calculate the home's unconstrained July 1, 2012 Medicaid rates (less capital) and multiply by Medicaid days to arrive at annual revenue figure. They would do the same using Jan. 1, 2012 rates. They would compare the two amounts (inclusive of special population add-ons and transition) and multiply the difference by the 37.5 percent. Finally, they would divide the annual amount by annual Medicaid days to arrive at the adjustment amount shown on line 14.

The LeadingAge New York rate template may be a helpful tool for this validation exercise.

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