

Nursing Home Cut to be Implemented in January

DOH intends to make the bed-hold related across-the-board cut to Medicaid rates starting Jan. 1, 2013 instead of Dec. 1, 2012. This means that the full 12-month cut attributable to the 2012-13 state fiscal year will be concentrated into a three-month period instead of four. The per-day cut that would have averaged \$2.36 when taken over four months will be \$3.20 for the average home when taken over three months. DOH has also confirmed that the cut amount will be calculated as a percentage of the rate as opposed to a uniform amount as was the state's initial intent. This means that homes with a Medicaid rate higher than the state average are likely to experience a per-day cut higher than \$3.20 while homes with lower than average rates will likely see a cut below \$3.20. We provided some preliminary facility level estimates of these cut amounts to members last week. We anticipate the cut to continue but be reduced to one quarter of the amount on April 1, 2013.

Members will recall that this cut was enacted as part of the 2012-13 State Budget and requires DOH to achieve \$40 million in nursing home Medicaid savings in SFY 2012-13. Of this, \$16 million is expected to be achieved through hospitalization bed hold reductions. The remaining \$24 million will be implemented as the per-day cut.

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