

Please see below for information regarding the impact of recently enacted Budget legislation on 2009 Nursing Home Rates

2009 Rate Setting Updates for Nursing Homes

January 1, 2009 Rates

The initial 2009 **operating** rates transmitted by the December 2008, Dear Administrator letter have been superseded by recently enacted statute.

- Operating rates effective January 1, 2009 will now reflect the:
 - ✓ Continuation of current operating rate
 - ✓ Final 2008 CPI trend factor, reduced by 35 percent, and further reduced by 1.3 percentage points
 - ✓ Initial 2009 CPI trend factor, reduced by 1.0 percent
 - ✓ Banking adjustment for the January 1, 2008 through March 31, 2008 period
 - ✓ Appeals related to the operating component of the rate that are due April 15, 2009 as provided in the December 2008 Dear Administrator letter are not valid.
- Capital rates effective January 1, 2009 will reflect:
 - ✓ The 2009 initial capital per diems included in the rates transmitted in December 2008, adjusted for Hotlines submitted on or before January 15, 2009
 - ✓ Capital appeals currently due April 15, 2009 are valid
- Facilities will have 30 days to appeal the January 1, 2009 rates

April 1, 2009 Rates

- Operating rates effective April 1, 2009 will reflect the:
 - ✓ The implementation of 2002 rebased rates
 - ✓ The implementation of Medicaid only case mix
 - ✓ The elimination of the 2008 trend, the 2009 trend and the 2008 banking adjustment in the 2009 roll factor
- The aggregate increase of the total Medicaid rates of payment from the implementation of rebasing and Medicaid only case mix will be held to \$210 million by proportionally increasing or decreasing such Medicaid rates.
- Facilities will have 120 days to appeal the April 1, 2009 operating rates. Recently enacted Budget legislation limits appeals the Department will review to the correction of computational errors or omissions of data by the Department.
- Recently enacted legislation also provides that with respect to appeals, the Department will not consider any revisions made to annual cost reports for operating adjustment purposes later than the due date. As indicated in the December 2008 Dear Administrator Letter, revisions to 2002 cost reports are due April 15, 2009.
- As described above, 2009 capital per diems in effect for the January 1, 2009 rates will continue.

Case Mix Adjustments

The statutory requirements for the Medicaid only case mix adjustments for 2009-10 are as follows:

- ✓ January 2009 MDS data collection effective in April 1, 2009 rates (2002 rebasing)
- ✓ July 2009 MDS data collection effective July 1, 2009 rates (2002 rebasing)

The July 2009 MDS data collection will be used for the case mix adjustment in rates effective July 1, 2009 through March 31, 2010.