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Consumer Price Index Projections

ABSTRACT: CBO issues official CPI projections for '08 and '09.

The Congressional Budget Office (<http://www.cbo.gov/>) has issued its updated Consumer Price Index – Urban (CPI) projections. As members are aware, the nursing home, home care, and adult day health care trend factors are tied to the CPI. In August, New York lawmakers agreed to Medicaid trend factor-based rate cuts. The final impact of these cuts is influenced by these CPI numbers. CBO is now projecting a CPI of 4.7 percent for 2008 and 3.1 percent for 2009. The state Division of the Budget based its projected state savings from the Medicaid cuts on projections of 4.3 percent and 3.3 percent respectively, then reducing the final 2008 trend by 1.3 percent and the initial 2009 by 1.0 percent.

The CBO projections bode well for a slightly less negative impact in 2008, but also mean less of an increase in 2009 than expected. NYAHS is now in the process of developing impact estimates of the rate cuts and additional budget guidance for members.