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## **DOH Clarifies Intent of Medicaid Trend Factor Cut**

**ABSTRACT:** More information on Medicaid inflation factor cuts.

The August supplemental state budget will cut the 2008 Medicaid trend factor by 1.3 percent and the 2009 factor by 1 percent. NYAHS had raised concerns with the Department of Health (DOH) that the 1.3 percent cut to the 2008 factor could create a “double hit “on nursing homes and home care agencies. DOH has just clarified with us that this will not occur, and will formally explain the trend factor changes in an upcoming provider letter.

Previous budget language had authorized an initial 2008 trend factor of 2.3 percent for 1/1-3/31 and 1.495 percent for 4/1/-12/31. Under the so-called “banking” process, the 2008 initial trend factor (with these cuts factored in) would be reconciled to the actual 2008 CPI increase, and 2009 rates would be adjusted for this difference for 2008. NYAHS was concerned that the 1.3 percent cut would apply to the 2008 banking as well as to 2009 and future years, which would have doubled the impacts on nursing homes and home care agencies. In fact, NYAHS’s most recent [nursing home impact estimates](#) showed the potential effect of losing the 2008 banking adjustment. DOH has said that the 1.3 percent cut will affect the 2009 rate year and beyond, but not the one-time banking adjustment to 2008 rates.

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