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MEMORANDUM

TO: Community Services Members

FROM: Anne Hill, Community Services Policy Analyst
Patrick Cucinelli, Senior Financial Policy Analyst

DATE: August 20, 2009

SUBJECT: **Home Health Payment Adjustments**

ROUTE TO: Administrator, CFO

ABSTRACT: Status of home health R&R and trend factor rate adjustments.

Introduction

NYAHS is currently advocating with the Department of Health (DOH) over the timing of major Medicaid rate revisions. Certified Home Health Agencies (CHHAs) and Long Term Home Health Care Programs (LTHHCPs) are currently awaiting three significant Medicaid rate adjustments: 1) a positive adjustment for the payment of 2008 and 2009 workforce recruitment and retention (R&R) funds; 2) the negative trend factor adjustment for the period January 1, 2009 through March 31, 2009; and 3) the negative trend factor adjustments for the period April 1, 2009 through December 31, 2009.

Current Status of Federal Approvals

The implementation of all these rate adjustments has been delayed due to the need to obtain federal Centers for Medicare and Medicaid Services (CMS) approval of the requisite Medicaid state plan amendments (SPAs). CMS recently approved the R&R SPA, covering the period from April 1, 2008 through March 31, 2011, authorizing the annual payment of \$100 million on a statewide basis. CMS has also approved the SPA for the first quarter 2009 trend factor reduction. The SPA for the April 1, 2009 trend factor reductions is still in process with CMS.

Timing of Adjustments

With the hope that CMS will soon approve the final SPA, DOH is considering the best option for coordinating the three payment adjustments. Overall and for most individual agencies, however, the impact of the combined adjustments remains a net positive. For their part, DOH is concerned over the prospect of issuing a succession of rate sheets in a short time period. They are also sensitive to the possibility of issuing positive rate adjustments (i.e., R&R), followed shortly by negative trend factor adjustments that could result in Medicaid recoupments.

DOH will be conferring with CMS towards the end of this month in order to try and expedite the final SPA approval. If DOH believes that there will be a significant delay in obtaining the final approval, they will look to the associations for recommendations on how to proceed with the rate adjustments. The basic options would be:

1. Wait until the final CMS approval is obtained, and make all of these rate adjustments at the same time;
2. Separate out the 2008 and 2009 R&R adjustments and pay them first, and then make the negative trend factor adjustments at a separate time;
3. Release the 2008 R&R funds, and then hold the remainder of the rate adjustments (the 2009 R&R and the trend factor adjustments) until the final remaining SPA is approved.

Member Input Needed

In anticipation of DOH approaching NYAHSa for our recommendation, we wish to hear from as many members as possible regarding the best option to advocate for from among the three options noted above. **Please contact Anne Hill by next Friday, August 28th with your recommendations at ahill@nyahsa.org or call 518-449-2707, ext. 141.**

Also, please call Anne Hill or Patrick Cucinelli at pcucinelli@nyahsa.org (ext. 145) with any questions.