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Nursing Home Medicaid Rates

Abstract: DOH to issue 4/1/09 rates in December

DOH announced today that their target date for completing 4/1/09 Medicaid rates is December 7, 2009. Once completed, the rates would be subject to approval by the Division of the Budget. Assuming customary processing time from rate issuance to payment date, nursing homes would receive payment based on these rates in January or February of 2010. CMS approval of the Medicaid State Plan Amendment covering these rates is pending.

The delay allows DOH to correct the method that is used to adjust rates for case mix. This adjustment increases or decreases a facility's rate based on the change in resident acuity as measured by the facility's case mix index (CMI) over time. The methodology that DOH had intended to use skewed the adjustment (the so-called "oversampling" issue) by inaccurately measuring the change in CMI. The correction will be incorporated into the 2009 rates as well as any regional rate methodology used in future years.

Although the delay is problematic for many homes, the correction will result in more accurate 2009 rates and will help avoid what could have been a drastic funding reduction in future years. This will also delay into December the release of initial 1/1/10 rates that would otherwise have been released in early November.