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## MEMORANDUM

**TO:** RHCF Members

**FROM:** Dan Heim, Vice President for Public Policy

**DATE:** July 13, 2009

**SUBJECT:** **Nursing Home Medicaid Reimbursement Updates**

**ROUTE TO:** Administrator, CFO

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ABSTRACT: Important updates in nursing home Medicaid reimbursement.

### Introduction

NYAHS met earlier today with the Department of Health (DOH) and received updates on various Medicaid reimbursement issues for nursing homes.

### Financially Disadvantaged Funding

By *Dear Administrator Letter* (DAL) dated July 8<sup>th</sup>, DOH transmitted the per diem amounts to eligible facilities for the 2008 disadvantaged facility funding distribution. Eligible facilities are instructed to bill their per diem amount using the billing rate code 3837 – Nursing Facility Financially Disadvantaged Program for the billing period from January 1, 2008 through January 31, 2008. Further billing instructions are contained in the DAL.

The final 2009-10 state budget reconfigured program eligibility and grant amounts, and added restructuring plan requirements as a condition to receive continuing funding under this program. These changes are subject to federal approval. Assuming timely approval, DOH hopes to distribute 2009 disadvantaged facility funding in October and plans to issue a DAL describing the program changes prior to that time.

### 2008 Recruitment and Retention Funding

The Division of the Budget (DOB) has approved the 2008 recruitment and retention (R&R) funding distribution schedule. DOH plans to forward the payment schedule to eMedNY next week and to notify facilities of the resulting distributions. Assuming those timeframes hold, actual release of the payments should occur during the week of August 17<sup>th</sup>.

## **Cash Receipts Assessment Reconciliation**

The cash receipts assessment add-on reconciliation for the period 2002-07 has been approved by DOB and is on the same schedule for eMedNY as the R&R funding. DOH has compared the estimated assessment payments that were used to develop each facility's assessment add-on per diem to the actual assessment payments made during the 2007-09 timeframe. Preliminary results of the reconciliation indicate that there will be an overall recoupment of \$17 million statewide. DOH plans to undertake future reconciliations on an annual basis, rather than reconciling several years at a time.

## **January 2009 Medicaid Rates**

DOH reports that the processing of 2009 capital "hotline" appeals is completed, and the schedule is on its way to DOB for review. We understand these revised rates will also reflect the 1.5 percent 2008 trend factor "banking" adjustment, the 2008 trend factor of 1.17 and the 2009 trend factor of 2.1 percent, which are in effect only for the first quarter of 2009.

## **April 2009 Medicaid Rates**

The April 2009 Medicaid rates are still under development, and will require at least another 4-6 weeks before being ready for review by DOB. Nearly 150 facilities re-filed their 2002 (or newer base year) cost reports, which are now being reviewed and will be used along with other facilities' 2002 cost reports to recalculate the statewide direct and indirect prices, as well as MDS RUG-III weights. The total additional funding that will be paid under rebasing using a Medicaid-only case mix index is limited to the current annual baseline funding plus \$210 million. We understand that federal approval will be needed for the \$210 million constraint.

## **Reconciliation of Rebasing Transition Payments**

Work is also underway on reconciling the 2007 and 2008 rebasing add-ons based on the revised rebased rates noted above. DOH did not give a timeframe for this reconciliation, which will redistribute the \$305 million in funding paid over these two years from facilities that were overpaid to those that were underpaid based on updated costs and facilities' 2009 CMIs.

## **Conclusion**

Members are cautioned that the timeframes noted above are subject to change. If you have questions regarding this information, please contact Darius Kirstein at 518-449-2707, ext. 104, or Patrick Cucinelli at ext. 145, or e-mail us at [dkirstein@nyahsa.org](mailto:dkirstein@nyahsa.org) or [pcucinelli@nyahsa.org](mailto:pcucinelli@nyahsa.org), respectively.