



## Department of Health

**KATHY HOCHUL**  
Governor

**JAMES V. McDONALD, M.D., M.P.H.**  
Commissioner

**JOHANNE E. MORNE, M.S.**  
Acting Executive Deputy Commissioner

September 20, 2023

Dear Administrator:

This letter provides you with information about upcoming changes to the reporting of resident case mix information and the use of the resulting acuity data for Medicaid Fee for Service rate setting.

As you are aware, The Centers for Medicare and Medicaid Services (CMS) has in recent years discontinued their use of the Resource Utilization Group (RUG) based case mix classification model but has continued to allow reporting of RUG data. As of October 1, 2023, RUG data will no longer be collected and the only classification system available for reporting case mix will be the Patient-Driven Payment Model (PDPM).

The rates effective January 1, 2024 will use the final available RUG acuity data from the MDS. Once the January 1, 2024 rates go into effect, the Department is planning to freeze reimbursement rates to restructure the reimbursement rate methodology to properly and effectively use the new PDPM acuity data. Additional guidance will be provided at such time as the freeze goes into effect. Additionally, the Department will provide outreach in relation to the updated rate methodology. New York State will not be using an Optional State Assessment (OSA).

For information on reporting case mix and patient acuity in the MDS under the new PDPM system, please refer to CMS guidance: <https://www.cms.gov/medicare/payment/prospective-payment-systems/skilled-nursing-facility-snf/patient-driven-model>

For questions about reporting case mix, please send an email to [mds3@health.ny.gov](mailto:mds3@health.ny.gov).

For questions about rate setting, please send an email to [NFRATES@health.ny.gov](mailto:NFRATES@health.ny.gov).

Sincerely,

Laura Rosenthal, Director  
Bureau of Nursing Home and Long Term Care Rate Setting  
Division of Finance and Rate Setting  
Office of Health Insurance Programs