



Department of Health

KATHY HOCHUL
Governor

MARY T. BASSETT, M.D., M.P.H.
Commissioner

KRISTIN M. PROUD
Acting Executive Deputy Commissioner

December 2, 2021

Dear Administrator,

This letter provides you with information regarding the implementation of the Nursing Home Quality Pool (NHQP) and the 2% supplemental payments, as well as the resolution of capital rate appeals for rate years 2009 through 2021.

NHQP and 2% Supplemental Payment

The NHQP is an annual budget-neutral pool that was established in accordance with section 2802(2-c)(d) of the Public Health Law. The amount of the pool is \$50 million and was created to incentivize nursing homes across New York State to improve the quality of care for their residents, and to reward homes for quality based on their performance.

The 2% supplemental payment to all nursing facilities was included in the 2021-2022 Enacted State budget in the amount of \$210 million. Additionally, the Department is releasing the \$70 million from the 2020-2021 budget bringing the total payment to \$280 million. Detail behind these calculations, as well as a summary for the final amount received by each facility can be found at the following link:

https://www.health.ny.gov/facilities/long_term_care/reimbursement/nhr/

Capital Rate Appeals

Over the past several months, the Department reviewed over 4,000 open capital rate appeals for rate years 2009 through 2021. This was a significant undertaking led by Cindy Treis and her staff. Please note that there are still remaining open appeals under review and those will be processed at a later date.

The impacts associated with rate periods effective December 31, 2020 and prior have been calculated using the appropriate patient days (includes both fee-for-service and managed care days as reported in the cost reports for those years) and will be distributed as a lump sum payment to the facilities. Impacts associated with the 2021 fee-for-service rates are being processed through eMedNY and the Benchmark rates will be updated to accommodate the managed care billings.

The applicable calculations, summaries of affected appeals and rate sheets are available on the Health Commerce System (HCS). These files can be found on the *Healthcare Financial Data Gateway* → *Nursing Homes* → *NH Rate Sheets 4/2009-Forward* → *Appeals Processed November 2021*.

Cycle and Recoupment Information

There will be two payment mechanisms as follows:

Lump Sum Payment (all will be netted together)	2020 NHQP 2% Supplemental Payments Capital Appeals for Rate Years 2009 - 2020
eMedNY Rate Change	Capital Appeals for Rate Year 2021

The NHQP and the 2% supplemental payments will be issued in cycle 2311 (check release date of December 22, 2021) as a lump sum payment. Additionally, a retroactive rate change associated with the 2021 capital appeals will be paid in cycle 2312.

For those providers that owe for the NHQP and/or negative rate appeals, the 2% payment will be used to offset those funds owed. If the 2% is not sufficient to cover the NHQP and/or negative capital appeals amount, a liability will be issued for the net difference, which will be recouped from your future claims commencing in cycle 2311.

For those providers receiving a payment for the NHQP and 2% or positive rate appeals, that have existing Medicaid liabilities:

- Your cycle 2311 EFT will be intercepted. The portion of the EFT associated to the NHQP, 2 %, and/or positive appeals lump sum payment will be withheld and applied to your outstanding liabilities. A paper check will be sent to you via U.S. Mail for the remaining funds, which will include any excess of the NHQP, 2%, positive appeal payment and claims processed in cycle 2311. A letter will be sent to providers from eMedNY with the details of these transactions.

Should you have any questions regarding these payments please email NFRATES@health.ny.gov with the facility name, Operating Certificate number and details of the issue.

Sincerely,



Laura Rosenthal
Director
Bureau of Residential Health Care Reimbursement
Division of Finance and Rate Setting
Office of Health Insurance Programs

ATTACHMENT A
Nursing Home Quality Pool Award 2020

- Each nursing home was ranked into 5 quintiles by utilizing the methodology as set forth by the State. The methodology and individual nursing home quintile rankings can be found on this link:
https://www.health.ny.gov/health_care/medicaid/redesign/nursing_home_quality_initiative.htm

- To fund the \$50 million pool, EVERY nursing home's contribution is calculated as follows:

$$\frac{\text{Calendar Year Promulgated Rate x MA Days}}{\text{Statewide NH Total MA Revenue}} \times \$50,000,000$$

- Only facilities who are ranked in quintiles 1, 2 or 3 will receive a share of the \$50 million NHQP. The distribution method is as follows:

- Award Amounts:

- Quintile 1: MA Revenue x 3
- Quintile 2: MA Revenue x 2.25
- Quintile 3: MA Revenue x 1.5

- Share of the \$50 million award:

$$\frac{\text{Quintile 1, 2, or 3 Award Amount}}{\text{Total of Statewide Awards}} \times \$50,000,000$$

- Facilities who receive a J/K/L Health Inspection Deficiency receive no award, regardless of their Quintile scoring

For the summary and calculation of the NHQP for 2020 and the other supporting calculations, please refer to:

https://www.health.ny.gov/facilities/long_term_care/reimbursement/nhr/