



Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

September 28, 2018

Dear Administrator:

This letter provides information regarding the implementation of the Nursing Home 2% Quality Penalty for poor performing facilities.

The 2018-2019 final State budget authorizes the commissioner to impose a 2% penalty on poor performing nursing homes based on the two most recent years of Nursing Home Quality Initiative (NHQI) data. If a nursing home was ranked in the two lowest quintiles for the two most recent years of NHQI data, and the lowest quintile for the most recent year of NHQI data, then the nursing home is subject to the 2% penalty. Nursing homes who are deemed financially distressed are exempt from this penalty. Nursing homes who have both a negative operating margin and a negative fund balance in the most recent filed cost report are considered to be financially distressed.

The penalty will be implemented as a 2% reduction to the promulgated nursing home rate effective July 1, 2018 and recalculated each year thereafter, effective with the January 1 nursing home initial rates.

The processing for the 2% penalty will take effect in cycle # 2145 with a release date of 10/17/18. Should you have any questions regarding these payments please email NFRATES@health.ny.gov and Robert Yankowski or Conor Petter will respond to your inquiry.

Sincerely,

A handwritten signature in black ink, appearing to read "Laura Rosenthal".

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