



Department of Health

ANDREW M. CUOMO
Governor

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

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

November 20, 2018

Dear Administrator:

This letter provides you with information regarding the implementation of the Nursing Home Quality Pool (NHQP) and the 1% supplemental payments for your nursing home.

The NHQP is an annual budget-neutral pool that was established in the 2010-2011 Enacted State budget in accordance with section 2808(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 implementation of the NHQP had been delayed due to litigation, however a recent court ruling has determined that the Department of Health has the authority to implement. The NHQP will be implemented for years 2013 through 2017 at this time. Please see **Attachment A** for further detail on the calculation of the NHQP amounts.

The 1% supplemental (\$140 million) to all nursing facilities was included in the 2018-2019 Enacted State budget. Please see **Attachment B** for further detail on the calculation of your 1% supplemental payment.

The Department plans to implement the NHQP and the 1% supplemental payments in the same Medicaid cycle. If funds are owed for the NHQP, then the 1% payment will be used to offset those funds owed. If the 1% is not sufficient to cover the NHQP amount, the Medicaid cycle payments will be subject to a 15% recoupment until the balance is paid in full. Additionally, the 1% supplemental payments will be reduced for any liabilities owed to the State and these providers will receive a "paper" check as opposed to a direct deposit. Additional information on the recoupments of the liabilities owed to the Department will follow.

The processing for the NHQP and 1% supplemental payment will take effect in cycle # 2152 and cycle # 2153, with respective check release dates of 12/5/18 and 12/12/18.

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,

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

Attachments

ATTACHMENT A
Nursing Home Quality Pool Award 2013 -2017

- 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
- Please note a pro-rated adjustment was made for the quality per diem that was reimbursed by managed care plans through the Benchmark Rate for years 2015 through 2017. The adjustment is calculated as follows:
 - Quality adjustment was calculated based on the quality per diem that was reimbursed in benchmark rate for years 2015 – 2017 respectively. This quality adjustment was then prorated as follows:

$$\frac{\% \text{ of Benchmark Adjustment}}{\text{Total Statewide Benchmark Adjustment}}$$

For the summary and calculation of the NHQP for years 2013 – 2017 please refer to:
https://www.health.ny.gov/facilities/long_term_care/reimbursement/nhr/

ATTACHMENT B

1% Supplemental Payment Schedule

Supplemental payments will be distributed to all nursing home facilities through [lump sum or monthly payments] and calculated as follows:

- An individual facility revenue will be calculated by taking each facility's promulgated rate in effect for the given period, multiplied by actual Medicaid days for the corresponding period as reported in the facility's cost report or an estimate of Medicaid days based on most recent available data. If a facility fails to submit a timely filed cost report, the most recent cost report will be utilized.
- The resulting individual facility revenue will be divided by total Medicaid revenues of all facilities. The result will be multiplied by the appropriate total dollar amount to be distributed per the chart below to determine each facility's portion of the supplemental payment.
- It is important to note that this payment represents only the 2015 – 2017 rate period and will be distributed as a lump sum payment.

State Fiscal Year	Rate Period	Amount in Millions	Distribution
2018-2019	07/01/15 - 12/31/15	\$52.5	Lump Sum
2018-2019	01/01/16 - 12/31/16	\$70.0	Lump Sum
2018-2019	01/01/17 - 03/31/17	\$17.5	Lump Sum
Total		\$140.0	
2019-2020	04/01/17 - 12/31/17	\$52.5	Lump Sum
2019-2020	01/01/18 - 12/31/18	\$70.0	Lump Sum
2019-2020	01/01/19 - 03/31/19	\$17.5	Lump Sum
Total		\$140.0	
2020-2021	04/01/19 - 12/31/19	\$52.5	Lump Sum
2020-2021	01/01/20 - 03/31/20	\$17.5	Lump Sum
2020-2021	04/01/20 - 12/31/20	\$52.5	Monthly
2020-2021	01/01/21 - 03/31/21	\$17.5	Monthly
Total		\$140.0	
2021-2022	04/01/21 - 12/31/21	\$105.0	Monthly
2021-2022	01/01/22 - 03/31/22	\$35.0	Monthly
Total		\$140.00	
2022-2023 and SFYs thereafter	04/01/22 - 12/31/22	\$52.5	Monthly
2022-2023 and SFYs thereafter	01/01/23 - 03/31/23	\$17.5	Monthly
Total		\$70.00	

For the sum and calculation of the 1% Supplemental payment for 2018-2019, please refer to:
https://www.health.ny.gov/facilities/long_term_care/reimbursement/nhr/