



Department of Health

ANDREW M. CUOMO
Governor

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

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

APR 27 2015

Re: CHHA Episodic Payment – Interim
Rebasing Adjustment

Dear Administrator:

This is to provide you advance notice of revised episodic payment system (EPS) rates effective April 1, 2015 that are currently being expedited through the Department and Division of the Budget approval process.

These rates are calculated in accordance with Article 3614.13 of the Public Health Law and Part 86-1.44 of the Commissioner's Administrative Rules and Regulations. These rates will reflect an interim percentage adjustment to the current 2009 base year episodic payment rates, as the initial step for implementation of final rebasing of the Episodic Payment System in accordance with Section 3614.13(b) of the Public Health Law.

In accordance with Section 3614.13(b), "Subsequent base year episodic payments may be based on Medicaid paid claims for services provided by all certified home health agencies in a base year subsequent to two thousand nine, as determined by the commissioner, provided, however, that such base year adjustment shall be made not less frequently than every three years". Based on this statutory requirement, the CHHA episodic payment rates are to be rebased effective no later than April 1, 2015. The Department has determined that the latest complete base year data available for rebasing is calendar year 2013 and has begun to finalize implementation of the required rebasing on the 2013 claims data and corresponding 2013 OASIS assessment data. The rebasing will require adjustments to both provider grouper and billing software and also changes to the emedny payment system which cannot be retroactively applied. It is anticipated that the final 2013 rebasing, will be implemented on or about October 1, 2015. Preliminary analysis of the final 2013 rebasing indicates that it will yield an estimated reduction of no less than \$30M in statewide CHHA expenditures.

In an effort to comply with the statutory requirement for a rebasing effective no later than April 1, 2015, and to preserve the \$30M annual financial plan savings estimated for the rebasing in the 2015/2016 adopted Budget, the Department will be applying an interim rebasing reduction adjustment to the current rates effective April 1, 2015. This interim adjustment will help to avoid the significant retroactive recoupment from agencies that would result from delay of any adjustment until the final 2013 rebasing is implemented. Based on the latest available statewide CHHA episodic utilization, a statewide interim reduction adjustment of -12% to the current 2009 base rates achieves this estimated annual statewide savings of approximately \$30M.

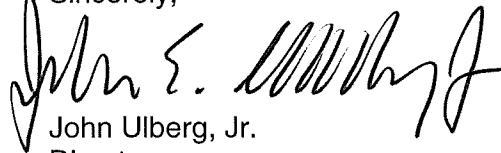
The rates effective April 1, 2015 will reflect the -12% reduction to the 108 case mix adjusted payment rates for your agency for providing services to patients 18 years of age and older under the episodic payment system. The rate revisions are anticipated to receive Department and Division of the Budget approval and be forwarded to the Office of Health Insurance Programs eMedNY system for payment on or about May 15, 2015. The Department will provide notice via Dear Administrator letter upon the actual transmittal of the rate revisions.

It is important to note that these rate revisions will not include any adjustment to the rates for pediatric patients, which will continue to be reimbursed on a historical fee-for-service per unit basis, in accordance with Part 86-1.13.

The Department will continue to work on finalizing the implementation of the required revisions of the final episodic payment rates to be based on the 2013 claims data and corresponding 2013 OASIS assessment data, with a target date of full implementation by October 1, 2015. We will be communicating final information to agencies as quickly as possible over the next few months in an effort to provide sufficient time for agencies and vendors to make appropriate adjustments to grouper and billing software.

If you have any questions or require additional information please contact Tim Casey or Charles Tobey at 518-473-4421.

Sincerely,



John Ulberg, Jr.
Director
Division of Health Care Financing

Enclosure