

July 11, 2013

Re: Retroactive Rate and Health Facility Cash Assessment Liability Program

Dear Administrator:

As you are aware, one important potential risk to the Medicaid Global Spending Cap (Global Cap) is the outstanding Medicaid Accounts Receivable balance, currently exceeding \$500 million. To mitigate the pressure these outstanding balances put on the Global Cap, the Department is implementing a temporary interest amnesty program for providers that voluntarily re-pay their outstanding retroactive rate (R/R) liabilities. The Department strongly encourages affected providers to consider this interest saving opportunity. In addition, the Department has revised its collection enforcement policies for both R/R and Health Facility Cash Assessment Program liabilities. As a result of the shifting from a fee-for-service category to a managed care category, the Department's goal is to receive payment of the balances by March 31, 2015. The following is an overview of our enforcement policies, including the temporary interest amnesty options that may be available to your facility:

Retroactive Rate Adjustment (R/R) Liabilities:

Under the standard recoupment procedures, Medicaid checks issued to providers that are subject to negative R/R adjustments are automatically reduced by a minimum of 15% until the liability is fully recouped. Should the amount owed not be fully repaid before 10 weekly Medicaid cycles, simple interest at the rate of prime plus two percent (currently 5.25%) is assessed on any unpaid balance and accumulates on a weekly basis. Collection of the interest assessed commences as soon as the principal amount owed has been fully repaid.

The R/R interest amnesty program is detailed below:

- **Option 1: Immediate Repayment** – All R/R interest charges associated with outstanding R/R liabilities will be waived for providers that submit full payment of their R/R outstanding balance between the date of this letter and **September 1, 2013**.
- **Option 2: Repayment by March 1, 2014** – If Option 1 is not taken advantage of, one half of all R/R interest charges associated with outstanding R/R liabilities will be waived for providers that submit full payment of their R/R outstanding balance by **March 1, 2014**.

If you wish to take advantage of the interest amnesty program options available for your R/R liabilities, you must notify the Department no later than **August 16, 2013**. Please send an email with your intent to the email address provided on the next page of this letter. Be sure to include your name, address, and eight digit MMIS/Provider Identification Number(s) as instructed below.

Health Facility Cash Assessment Program (HFCAP) Liabilities

The HFCAP liabilities account for over a \$100 million of the over \$500 million total Medicaid Accounts Receivable balances. Since this is a substantial receivable, the Department is seeking to recover these amounts expeditiously as well, with the same goal of full collection no later than March 31, 2015. The HFCAP program is not available for a temporary interest amnesty program since it requires a change to the current legislation.

It is important to note that depending on the response from providers and the recovery rate of these outstanding balances, the Department will be considering increasing the minimum recoupment amounts from the standard 15 percent that commonly occurs with weekly Medicaid Claim Cycle checks. The Department expects to release this policy sometime in August. In advance of this effort, the Department will be contacting those providers that have recovery levels less than the standard 15 percent to negotiate an equitable payment arrangement with the goal of reducing or eliminating the outstanding balances by March 2015.

The statement included with your weekly Medicaid Claim Cycle check will indicate if your facility has an R/R or HFCAP liability currently in recoupment. For balance inquiries of your facility's liabilities', please send an email with your facility's name, address, and your eight-digit MMIS/Provider Identification Number(s) to:

HFAFMAIL@health.state.ny.us.

If you have more than one current eight-digit MMIS/Provider number, or have had past numbers you no longer use, you must also include those numbers in your email. You will receive a response to your email request in the order received, with your current balance and remittance instruction information.

Should you have any questions other than your HFCAP balances, please contact Ms. Phyllis Stanton at (518) 474-1673.

Should you have any questions other than your R/R balances, please contact Mr. Jason Corvino (Nursing Homes) or Mr. Timothy Casey (Home Care) at (518) 473-4421.

The 2013-14 Budget and Global Cap assumes a net reduction in the Medicaid Accounts Receivable balances of \$234 million. To achieve this target, the Department believes it must take these aggressive approaches and move swiftly to implement them. We look forward to working with you on this important initiative.

Sincerely,

John E. Ulberg, Jr.
Medicaid Chief Financial Officer
Division of Finance and Rate Setting
Office of Health Insurance Programs