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MEMORANDUM

TO: RHCF Members

FROM: Darius Kirstein, Senior Policy Analyst

DATE: August 9, 2013

SUBJECT: DOH Reimbursement Updates

ROUTE TO: Administrator, CFO

ABSTRACT: DOH provides updates on various nursing home funding issues

Introduction

Medicaid rate adjustments reflecting final July 2012 rates will be in checks released on August 21 and payments to about half of the homes awaiting Hurricane Sandy payments are currently being finalized. These were among the many updates DOH provided LeadingAge NY and other association at the most recent monthly meeting on nursing home financial issues. This memo outlines the topics discussed and the current status of major issues.

Universal Settlement

The draft settlement agreement is now under review by the Attorney General's (AG) office. DOH has recalculated facility-specific benefit estimates which they are sending to the AG for review. Although some appeals have been processed this year, DOH believes that the full \$100 million amount may be available for rate enhancement this year (and each year going forward) and continues to be optimistic about achieving a quick agreement.

Final July 2012 Rate

Homes whose Case Mix Index (CMI) was constrained to five percent in the initial July 2012 rates will see rate adjustments in the Medicaid check scheduled to be released on August 21. Rate sheets dated

7/1/2012, 1/1/2013 and 4/1/2013 will be updated to reflect this unconstrained CMI which is based on roster submissions from January 2012. Homes impacted by the 5 percent constraint can calculate their unconstrained rate by adding or subtracting the amount shown on line 15 ("Adjustment to Cap Case Mix at 5 %") of their rate sheets. Positive amounts should be subtracted while negative amounts should be added. Approximately 32 homes are facing negative adjustments while 305 are being adjusted up.

DOH will eventually reissue 1/1/13 and 4/1/13 rates to update the CMI to be based on July 2012 census rosters. The statewide, Medicaid-only CMI increased by about 2.5 percent from January to July 2012. DOH is calculating rates and will make the determination whether to constrain CMI growth as was done to July 2012 rates once the full financial impact of the new rates is calculated.

Please note that past Medicaid rate adjustments for homes that faced negative adjustments in Sandy-impacted counties were held back by DOH. This continues to be the case with DOH intending to make those held adjustments when Sandy-related payments are issued.

MDS Audits

Although CMI-constraint payments are being released to all homes, OMIG continues to audit the remainder of the 305 homes whose CMI increased by 5 percent or more. They are also beginning to audit July 2012 roster-related assessments. These audits should be very similar to the previous ones although counts of residents flagged as qualifying for dementia and BMI add-ons, as well as census roster payor designations, will also be reviewed. OMIG audits are currently focused on Western and Northern NY as well as the Capital District. In some areas of the state OMIG is hiring MDS-trained nurses from temporary service agencies to supplement OMIG staff to complete the audits as quickly as possible. LeadingAge NY again urged DOH to provide education to homes if the scope of MDS audits is to be expended in the future.

Mandatory MLTC Enrollment for Nursing Home Residents

As previously announced, DOH has made significant changes to their proposal to transition nursing home residents into managed care. The current proposal is outlined below. The financial planning and rate development subgroup comprised of DOH staff as well as nursing home and managed care providers and associations met on July 23rd to discuss reimbursement principles and timing based on the DOH transition proposal. Draft notes from that meeting are available [here](#).

Non-FIDA Counties:

Under the current proposal:

1. Nursing home residents permanently placed prior to **April 1, 2014** and who are in fee-for-service Medicaid would remain under fee-for-service reimbursement for the duration of their stay.
2. Residents in fee-for-service Medicaid who are determined to require permanent placement on or after **April 1, 2014** would be enrolled in a managed care plan.
3. Those who are enrolled in managed care would remain in their plan for the duration of their stay, even if permanently placed.

4. Residents new to Medicaid would be enrolled into managed care upon being determined to be Medicaid eligible. The plan will then cover their care for the duration of their stay.

Individual eligible for Medicare and Medicaid (i.e., “duals”) would join an MLTC plan. Individuals eligible for Medicaid only would join a mainstream managed care plan.

8-County FIDA Region (NY City and Suffolk, Nassau and Westchester Counties):

Under the current proposal:

1. Nursing home residents permanently placed prior to **January 1, 2014** and who are in fee-for-service (FFS) Medicaid would remain under fee-for-service reimbursement for the duration of their stay. However, these residents would be passively enrolled in a FIDA plan starting in Jan 2015 with the opportunity to opt out and remain in FFS. They may also voluntarily enroll in FIDA beginning in October 2014.
2. Residents in fee-for-service Medicaid who are determined to require permanent placement on or after **Jan. 1, 2014** would be enrolled in a managed care plan. Those not in FIDA plans in Jan. 2015 would be passively enrolled into FIDA plans beginning in Jan. 2015 with the option to remain in their existing managed care plan.
3. Those who are enrolled in managed care would remain in their plan for the duration of their stay, even if permanently placed. However those not in FIDA plans would be passively enrolled into FIDA plans beginning in January 2015 with the option to remain in their existing managed care plan.
4. Residents new to Medicaid would be enrolled into managed care upon being determined to be Medicaid eligible. The plan would then cover their care for the duration of their stay. Those not in FIDA plans would be passively enrolled into FIDA plans beginning in January 2015 with the option to remain in their existing managed care plan.

These timelines would apply to specialty and non-specialty nursing home residents, although for those under 21 the rules above would become effective April 1, 2015.

Potential Changes to NAMI Collection

DOH is assessing options for NAMI collections, with state takeover of that responsibility one of the options. One way to accomplish the change would be to include it as a provision in the state’s 1115 Medicaid waiver. To do that, DOH would need to provide compelling data to CMS and may seek to survey providers on the topic to quantify uncollected NAMI amounts.

Nursing Home Capital Workgroup

DOH reiterated that the Refinancing and Capital Workgroup would be the main vehicle for developing recommendations on how to address nursing home capital and refinancing issues under managed care. The group is scheduled to meet again this week. DOH staff expressed confidence that a mechanism to appropriately reimburse capital can be set up with the main question being of how exactly to do so. One idea that was discussed was to set up a pool out of which plans that contract with homes with disproportionately high capital costs could receive compensation for these costs. Other ideas under

discussion include reflecting capital in quality pool measures and exploring energy efficiency incentives for health care facilities.

Hurricane Sandy Payments

While there is no firm date for release of Hurricane Sandy payments, DOH is processing payment for 69 homes whose submitted survey data matches e-MedNY data. A total of \$7.1 million will be paid out initially. Another 57 homes have discrepancies between what they reported on their survey and the corresponding e-MedNY data placing those payments on hold pending resolution of discrepancies. DOH intends to send a “Sandy rate sheet” showing the payments, recoupments and discrepancies to all 126 Sandy-impacted homes in the next 2 weeks. DOH did not identify the 69 homes slated for payment in the first round.

Please contact me at dkirstein@leadingageny.org or Dan Heim at dheim@leadingageny.org or call us at 518-867-8383 if you have questions or would like to provide input on any of the items outlined above.