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## MEMORANDUM

**TO:** RHCF Members

**FROM:** Darius Kirstein, Senior Policy Analyst

**DATE:** March 11, 2013

**SUBJECT:** DOH Reimbursement Updates

**ROUTE TO:** Administrator, CFO

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ABSTRACT: DOH provides updates on various nursing home funding issues

### Introduction

Medicaid Director Jason Helgeson kicked off last week's meeting on nursing home funding issues with an announcement that the state was ready to start developing some draft language on a universal rate appeals and litigation settlement. This memo outlines the topics discussed in the monthly DOH meeting with LeadingAge and other associations.

### Universal Settlement

Cuomo administration attorneys have given the green light for the state to begin drafting language for a universal settlement to help move the discussion forward. DOH is having internal deliberations to designate lead staff for the project. DOH has been developing a way to gather insights from homes as to why those that indicated disinterest in the settlement did so. DOH believes that interest in the settlement will increase as specifics are developed and communicated.

### MDS Audits

To date, approximately 30 homes have had audits of the MDS assessments associated with their 2012 January census roster. OMIG expects to have 75 audits completed by the end of the month. While the number of audits is still insufficient for DOH to make the decision whether

or not to release final July 2012 rates reflective of unconstrained CMI changes, early indications are that OMIG is not finding many significant errors. Coding errors resulting in lower RUG assignments as well as higher assignments are being identified and will be part of the rate recalculation. DOH is working to recalculate CMIs, as well as the resulting Medicaid rates, based on the audit findings but does not yet have an estimate of the financial implications.

If your home undergoes an MDS audit, please let us know how it went.

### **Mandatory MLTC Enrollment for Medicaid-only Residents**

As part of the shift into managed long term care (MLTC), DOH intends to transition the state's estimated 6,000 permanently placed, Medicaid-only nursing home residents (i.e., those not eligible for Medicare) into MLTC plans. The transition is scheduled to begin on October 1, 2013. DOH hopes to develop a small workgroup to discuss key policy and operational questions and make recommendations on how to resolve them. Among the issues to address is how NAMI and other cost sharing will be treated for nursing home residents enrolled in MLTC. A DOH document outlining the plan along with a number of questions that need to be addressed is posted [here](#). Please let us know if you have any input on the document or this initiative.

### **Assessment Reconciliation**

DOH has processed an initial 2011 cash receipts assessment reconciliation that should be reflected in checks released on March 21. The 2010 assessment reimbursement amounts are being used to reconcile 2011 payments, meaning that eventually the state will perform a final reconciliation using 2011 calculations. Reconciliation of the 2012 assessment payments using the 2010 reimbursement amounts will be done later in the year. Although impacts vary by home, the reconciliation is a significant positive net payment to the nursing home sector. Making these payments in March keeps them in the 2012-13 state fiscal year, thereby keeping them from counting against the next year's Medicaid global spending cap.

### **Standard Wage Proposal**

The governor's proposed budget includes language authorizing the state to require that homes pay standard wages to direct care workers and that MLTC plans pay providers sufficient rates to cover these wages. Although the language of the governor's proposed budget does not make this explicit, DOH continues to stress that the intention is to prevent wage decreases as homes experience pressures to further reduce costs to remain competitive in a managed care world. The Medicaid Director stressed that they do not want the provision to increase Medicaid spending and are open to discussing the wording of the provision. In their respective one-house budget proposals, the Assembly includes the provision while the Senate does not.

### **Cost Report Changes**

Citing the technical complexity involved in making changes to the cost report software, DOH announced that their hope to include an additional schedule to streamline capital rate setting and to eliminate some schedules deemed unnecessary will be delayed until next year. They intend to continue working with providers to identify the changes that should be made and

may relax some reporting requirements, such as setting a dollar threshold for reporting purchased or contracted services, for the 2012 reporting year. A revised CPA certification is being finalized. The most recent draft version can be viewed [here](#).

### **Other Issues**

Despite the possibility of a waiver that may provide extensions to a small number of facilities to the federal mandate that all nursing homes be fully sprinklered by August 2013, DOH is concerned that 175 homes are not yet compliant. If your home is still struggling to meet this requirement, please let us know.

Hurricane Sandy related reimbursement and [quality](#) pool issues were also briefly discussed. Both are subjects of individual workgroups with additional information forthcoming.

Please contact me at [dkirstein@leadingageny.org](mailto:dkirstein@leadingageny.org) or Dan Heim at [dheim@leadingageny.org](mailto: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.