

Dear Administrator:

This letter is to advise providers that as a result of the New York State's Medicaid population shifting from a fee-for-service program to managed care program, the Department of Health (Department) has revised its collection policy regarding outstanding retroactive rate adjustment liabilities and Health Facility Cash Assessment Program liabilities owed to the State. In an effort to collect these liabilities by March 31, 2015, the following is an overview of options available for repayment:

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.

Effective immediately, the following repayment options are now available to providers that have outstanding R/R liabilities due to the Department:

- **Option 1: Immediate Repayment** -- For providers that submit full payment of their R/R balance between the date of this letter and **September 1, 2013**, all accumulated interest charges will be waived.
- **Option 2: Repayment by March 1, 2014** -- For providers that submit full payment of their R/R balance by **March 1, 2014**, one half of all accumulated interest charges will be waived.
- **Option 3: Repayment within Two Years** -- For providers that have not taken advantage of Option 1 or Option 2 described above, and are unlikely to full pay by **March 31, 2015**, at the current rate of recoupment, the recoupment percentage will be adjusted to ensure that full payment, including interest, is received by **March 31, 2015**. Affected providers will receive a Notification of Recoupment Change advising them of the adjustment.

Please note that interest abatement on R/R liabilities for retroactive rate adjustments do not apply to Health Facility Cash Assessment liabilities, Medicaid audit recoveries due to the Office of the Medicaid Inspector General, the Attorney General's Office, or to payments made in response to a final audit finding issued by the Department.

Health Facility Cash Assessment Liabilities (HFCAP)

The Department will implement an aggressive collection strategy for all outstanding HFCAP balances that are not paid in full by **September 1, 2013**. For providers that appear to be unlikely to full pay their HFCAP liabilities at the current rate of recoupment by **March 31, 2015**, their recoupment rate will be adjusted to ensure full payment by this date. Affected providers will receive a Notification of Recoupment Change advising them of the adjustment.

The statement included with your weekly Medicaid Claim Cycle check will indicate if you have a R/R or HFCAP liability currently in recoupment. However, for a complete statement of your facility's liabilities, including applicable interest, please send an email with the name of your facility, address, and Provider Identification Number to HFAFMAIL@health.state.ny.us.

To discuss possible repayment options of your facility's HFCAP liabilities, please contact Ms. Phyllis Stanton, no later than **August 1, 2013** at (518) 474-1673.

To qualify for Option 1 or 2, or to discuss repayment options of your facility's R/R liabilities, please contact Mr. Jason Corvino, no later than **August 1, 2013** at (518) 474-3267.

To submit payment of outstanding R/R and HFCAP liabilities, your check made payable to "New York State Department of Health," along with a copy of your statement should be mailed to:

**New York State Department of Health
Medicaid Financial Management
2739 Corning Tower
Empire State Plaza
Albany, NY 12237-0016**

We look forward to your continued cooperation and attention to this important matter.

Sincerely,

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