



STATE OF NEW YORK DEPARTMENT OF HEALTH

Corning Tower The Governor Nelson A. Rockefeller Empire State Plaza Albany, New York 12237

Richard F. Daines, M.D.
Commissioner

James W. Clyne, Jr.
Executive Deputy Commissioner

September 16, 2009

Re: 1/1/09 RHCF Medicaid Rate Calculation

Dear Administrator:

Enclosed please find a copy of the Medicaid reimbursement rate computation sheets for your nursing facility for the period January 1, 2009 through December 31, 2009. The rate is an all-inclusive rate for services provided by your facility. The rate enclosed is based on costs recognized as reimbursable in 2009 and the Patient Review Instrument (PRI) data collection reflected in the latest approved 2008 Medicaid rate. The capital schedule for the rate is available on the Health Provider Network (HPN). (see instructions below)

As indicated in the April 9, 2009 E-mail missive distributed industry wide (re: 2009 Rate Setting Updates for Nursing Homes) the initial 2009 operating rates transmitted by the December 8, 2008 Dear Administrator Letter (DAL) were superseded by statute, resulting in the January 1, 2009 operating rates contained herein. Pursuant to such legislation, the January 1, 2009 rates transmitted via this DAL reflect the continuation of the current operating rate, adjusted for applicable trends also described herein. The 2009 operating rate methodology continues to reflect a modified pricing system, employing the 1983 base year (or later year as applicable). The direct and indirect components of the rate compare a facility's allowable cost to a base (minimum) and ceiling (maximum) price. A facility receives the higher of the base price or their cost up to the ceiling. The 2009 capital rates described herein use the 2007 costs reflected in the 2007 cost report.

Please be advised that the operating rates provided herein are for the period January 1, 2009 through December 31, 2009. Following approval of the Centers for Medicare and Medicaid Services and the Division of the Budget, the Department of Health will issue revised operating rates for the period April 1, 2009 through December 31, 2009 that will reflect the elimination of the 2008 and 2009 trend factor adjustments, the 2002 rebasing provisions, and the MDS Medicaid only RUGS III case mix adjustments.

Hotline

The capital calculation reflects acceptable "Hotline" item(s) properly submitted during the appropriate time frame, for facilities that met the criteria provided in the December 8, 2008 DAL that accompanied the initial 2009 notice rates. A separate letter is enclosed addressing the disposition of "Hotline" items submitted by such facilities.

Trend Factor

The roll factor that inflates the 1983 allowable cost into 2009 incorporates the final 2008 Consumer Price Index (CPI) of 3.8% reduced by 35% and is further reduced by 1.3 percentage points in accordance with Chapter 497 of the Laws of 2008. The roll factor also incorporates the initial 2009 CPI of 3.1% reduced by 1.0 percentage point in accordance with Chapter 497 of the Laws of 2008. The 2009 roll factor also includes the applicable banking adjustment for the final 2008 CPI. Pediatric rates are exempt from the reductions noted above.

2009 Trend Factor Tables on HPN

Copies of the 2009 trend factor tables are not included in this correspondence. The Department is utilizing the HPN to provide access to this trend factor data. Attachment 1 will supply you with the information needed to access the trend factor tables through HPN.

Universal Precautions

Reimbursement to facilities for their allowable Hepatitis B vaccine expense incurred as a result of complying with Section 5 (a) (1) of the OSHA regulations continues in the 2009 rate based upon data reported in the 2007 RHCF-2 or RHCF-4, if applicable. The 2009 adjustment is calculated as follows: the lower of the 2007 vaccine expense reported by the facility or the reported number of inoculations given to employees in 2007 multiplied by the facility's average cost per vial capped at \$128.50 for a three vial series, divided by estimated 2009 patient days. The per diem is calculated on Schedule IX of the rate sheet and is included on Line 3E of the face page of the rate sheet along with the per diems calculated for OBRA, gloves and measles & rubella.

Measles and Rubella Immunization Adjustment

In accordance with Section 415.26 of Part 415 of the Commissioner's Administrative Rules and Regulations all employees are required to be properly immunized against rubella and all employees born after January 1, 1957 are required to be properly immunized against measles. Reimbursement to facilities for their allowable rubella and measles vaccine expense for rate year 2009 is based upon data reported in the 2007 RHCF-2 or RHCF-4, if applicable. The 2007 reported expenses are divided by estimated 2009 patient days. The per diem is calculated on Schedule IX of the rate sheet and is included on Line 3E of the face page of the rate sheet along with the per diems calculated for OBRA, Hepatitis B and gloves.

Criminal Background Checks

In accordance with Section 402.10 of Part 402 of the Commissioner's Administrative Rules and Regulations facilities are required to review the criminal history record of employees who are hired on or after September 1, 2006 and who provide direct care or supervision to residents. Reimbursement to facilities for costs associated with criminal background checks for 2009 is based upon data reported in the 2007 RHCF-2 or RHCF-4, if applicable. The 2007 reported expenses are divided by estimated 2009 patient days and are capped at \$110.00 per background check. The per diem is included on Schedule VII of the rate sheet and is carried

forward to Line 3A of the face page of the rate.

Dementia Grants

The 2009 rates for certain facilities include a dementia grant award to improve the care and treatment of nursing facility residents with dementia. For these facilities, a miscellaneous per diem adjustment has been included on Schedule VII of the rate sheet to reimburse this award.

Adult Day Health Care Rates

In accordance with Part 86-2.9 of the Commissioner's Administrative Rules and Regulations and §2808 (23) of the Public Health Law, the Adult Day Health Care (ADHC) per visit rates effective January 1, 2009 have been held to a ceiling and the budget/cost based rates have been increased to reflect the following trend factor adjustments. The 2009 roll factor includes the initial 2009 trend factor reduced by 1.0 percentage point and the final 2008 trend factor reduced by 35% and again by 1.3 percentage points. The 2009 roll factor also includes the applicable banking adjustment for the final 2008 CPI. The capital component of a cost based ADHC rate has been updated to reflect the applicable portion of facility allowable capital costs as determined from the financial and statistical data submitted in the 2007 RHCF-4 cost report for RHCF-4 filers or as allocated from the ICR for RHCF-2 filers.

Appeal and PRI Rollovers

If your facility has recently received approved Medicaid rates or changes in case mix, the 2009 rate incorporates the rollover of the appeal findings or changes in case mix, if applicable.

Accessing the 2009 Capital Rate Sheets

The 2009 capital component rate calculation sheets for each RHCF-4 filer has been posted on the HPN website, in the same area as the Nursing Home Cost Report Software. User permissions to access the capital rate sheets for your facility mirror the HPN permissions for the Cost Report Software.

To access the HPN capital rate sheet system, follow the instructions on Attachment 1, lines 1 through 6, but instead of selecting "Trend and Roll Factor Reports" select "Nursing Home Rate Reports." Then select "2009 Nursing Home Rates Hotline" under the Rate Publication Selection List and identify your facility in the Nursing Home Selection List before selecting "SHOW REPORTS."

Appeals

As indicated in the April 9, 2009 E-mail missive distributed industry wide (re: 2009 Rate Setting Updates for Nursing Homes) the initial 2009 operating rates transmitted by the December 8, 2008 DAL were superseded by statute with the rates provided herein, and the appeals related to the operating component of the initial 2009 rates that were due April 15, 2009 are no longer valid. Facilities will have 30 days from the date of this letter to appeal the operating component of the January 1, 2009 rates provided herein.

Facilities are reminded that effective April 1, 2009 statute provides the Department will only review operating rate appeals for the correction of computational errors or omissions of data by the Department in determining the operating rate based upon information submitted to the Department prior to the computation of the rate. This applies to all administrative operating appeals submitted to the Department on or after April 1, 2009, regardless of the period they pertain to. Thus, all operating appeals submitted under the timeframes provided in this DAL must be in accordance with these provisions. Operating rate appeals submitted that are not in accordance with these provisions are invalid.

Facilities are also reminded that effective April 1, 2009 the Department will not consider any revisions made to a facility's annual cost report (regardless of the year the cost report applies to) for operating adjustment purposes later than the due date established by the Commissioner. Thus, revisions to the 2002 cost report, which was due April 15, 2009, will not be accepted by the Department.

Capital appeals related to the initial capital rates transmitted by the December 8, 2008 DAL that were due April 15, 2009 remain valid. Pursuant to Part 86-2.13 (a) of the Commissioner's Administrative Rules and Regulations (i.e., rate revisions may be corrected if brought to the attention of the Commissioner within 30 days of receipt of a revised rate sheet), capital appeals are limited to errors made to the capital "Hotline" revisions enclosed herein. Only appeals to those revisions will be accepted. Facilities have 30 days from receipt of this letter to file such "Hotline" capital appeals.

As indicated in the Department's March 3, 2009 DAL, appeals submitted on or after April 15, 2009 by mediums other than the new Electronic Appeals Submission (EAS) System will not be accepted. The EAS is accessed through the HPN. Detailed instructions regarding initial access through the HPN were provided in the E-mail transmitting the above noted March 3 DAL.

The EAS System contains features to provide users with assistance, including links to frequently asked questions (FAQs), a User Guide (Help), and access to regulations related to Medicaid reimbursement for nursing homes (i.e., Title 10 of the New York Code of Rules and Regulations (10 NYCRR)). Most screens provide a small tool bar for the user, allowing creation of a new appeal or quick access to the "appeal search" mechanism.

Questions or issues regarding using the new EAS that cannot be resolved by the FAQs or Help links should be submitted via E-mail to the DOH's Bureau of Long Term Care Reimbursement at nfrates@health.state.ny.us.

If you have any questions relating to the calculations of your Medicaid rates please call (518) 473-4421 and request the analyst that handles the nursing facility reimbursement issues.

Sincerely,



Lana I. Earle
Director
Bureau of Long Term Care Reimbursement

Enclosure(s)

ATTACHMENT 1

ELECTRONIC ACCESS TO TREND FACTOR TABLES VIA HEALTH PROVIDER NETWORK (HPN)

The following are instructions on how to access trend and roll factors from HPN.

The HPN is a secured Internet network which health providers will need to enroll in, to gain access to functions associated with this network. Individuals that have an HPN account will also need to receive access to the trend factor function. If you have an HPN individual account and do not have access to the trend factors, please complete the electronic access request form and access will be granted within (3) three days. A notice of access will be delivered to your E-mail address listed on the HPN network.

IF YOU DO NOT HAVE AN INDIVIDUAL ACCOUNT, PLEASE CONTACT YOUR HPN COORDINATOR TO FORWARD THE PROPER DOCUMENTS ALREADY ESTABLISHED ON HPN UNDER THE HPN COORDINATOR TAB ON THE MAIN HPN SCREEN. IF YOU HAVE QUESTIONS ON SUBMISSION OF THE INDIVIDUAL USER FORMS, PLEASE CALL (866) 529-1890.

1. Website - <https://commerce.health.state.ny.us>
2. Security Screen - this screen will ask for your "HPN" id and password.
3. New York Department of Health Internet Commerce Site screen - select HPN the Health Provider Network.
4. Health Provider Network screen - select under INFO BY TOPIC "Programs."
5. Programs Page screen - select "Office of Health Insurance Programs (OHIP)", then select "Division of Health Care Financing."
6. Division of Health Care Financing screen - select under Nursing Homes "Trend and Roll Factor Reports."
7. Bureau of Long Term Care Reimbursement screen - select the appropriate classification, year and roll or trend factor.
8. The trend/roll factor table requested will appear.

Any questions on the access to the trend/roll factor tables should be directed to Mr. Russ Smith at (518) 473-4421.