LSA NUMBER: #10-169

TITLE: Medicaid Providers and Services—Rate-Setting Criteria for Nonstate-Owned Intermediate Care Facilities for the Mentally Retarded and Community Residential Facilities for the Developmentally Disabled

DIVISION: Office of Medicaid Policy and Planning

PREPARED BY: Program Staff: Tracy Nguyen Legal Staff: Joy Heim

OVERVIEW OF RULE: This rule amendment reduces Medicaid reimbursement to large private intermediate care facilities for the mentally retarded (ICFs/MR) and community residential facilities for the developmentally disabled (CRFs/DD) by three percent (3%), beginning on the effective date of this rule amendment through June 30, 2011. This reduction in Medicaid reimbursement began on April 1, 2010, via an Emergency Rule promulgation. On July 1, 2011, the three percent (3%) Medicaid rate reduction will be removed.

FISCAL IMPACT: The estimated decrease in Medicaid expenditures for this rule amendment is as follows:

	SFY 2010 ($ in millions)	**SFY 2011 ($ in millions)**
Estimated Decrease in Medicaid Payments[1]	($2.0)	($9.8)
Estimated Federal Share[2]	($1.5)	($6.7)
Estimated State Share[2]	($0.5)	($3.1)

ECONOMIC IMPACT:

	Before Reduction	After Reduction
CRF/DD		
Cost Coverage	104.6%	101.6%
Profit Add-On	$10.87	$6.87
Private ICF/MR		
Cost Coverage	109.1%	106.1%
Profit Add-On	$14.94	$5.34

From this analysis, providers, on average, will have all their costs covered and still be making a profit. Based on this analysis, OMPP does not believe that the temporary rate reduction will restrict access to these services.

OPPONENTS: Home Health Providers

PROPONENTS: OMPP

RECOMMENDATIONS: None.

PUBLIC HEARING COMMENTS: Not scheduled yet.

[1] Source: Milliman, Inc. projection dated 1/8/2010

[2] For the period 4/1/2010 through 12/31/2010, the Federal Medical Assistance Percentage (FMAP) rate used is the enhanced FMAP rate determined under the American Recovery and Reinvestment Act (ARRA) of 2009 that applies for the period 1/1/2010 through 3/31/2010. The FMAP will be modified as a result of this legislation on a quarterly basis through 12/31/2010. For the period from 1/1/2011 through 6/30/2011, the FMAP rate used is the FFY 2011 FMAP rate published in the Federal Register, volume 74, No. 227, dated November 27, 2009..