

LSA NUMBER: #10-166(F)

TITLE: Medicaid Providers and Services—Home Health Services

DIVISION: Office of Medicaid Policy and Planning

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

OVERVIEW OF RULE: This rule amendment modifies Medicaid reimbursement formulas by reducing rates that are currently paid to providers of home health services by five percent (5%), beginning on the effective date of this rule through June 30, 2011. This reduction in Medicaid reimbursement began on April 1, 2010 via an emergency rule promulgation. On July 1, 2011, the five percent (5%) Medicaid rate reduction will be removed.

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

	SFY 2010	SFY 2011
	<u>(\$ in millions)</u>	<u>(\$ in millions)</u>
Estimated Decrease in Medicaid Payments ¹	<u>(\$1.8)</u>	<u>(\$9.3)</u>
Estimated Federal Share ²	(\$1.3)	(\$6.4)
Estimated State Share ²	<u>(\$0.5)</u>	<u>(\$2.9)</u>

ECONOMIC IMPACT: To evaluate this rate reduction, OMPP looked at recent home health rate increases. Following the implementation of LSA #07-31, the rates for highest volume (Home Health Aide, LPN, RN, and Overhead) HHA rates were increased significantly (ranging from 18% to 39%) effective 7/1/2008. With the reimbursement rate reduction, the rates for the highest volume HHA services will still be above the rates that were in effect prior to SFY 2009.

The proposed reimbursement change is an equitable rate reduction to all HHA providers at a level that produces considerable savings for the State. The rate reduction is time limited and is removed for rates effective July 1, 2011.

The cost of compliance with this proposed rule, including any administrative, legal, consulting or accounting cost, is not expected to be any different than what providers currently incur in their course of providing services.

The cost of compliance with this proposed rule, in addition to administrative expenses, including any legal, consulting or accounting cost, is not expected to change.

OPPONENTS: Home Health Providers

PROPOSERS: OMPP

RECOMMENDATIONS: None.

PUBLIC HEARING COMMENTS: The public hearing was held on Thursday, August 5, 2010. There were no public comments.

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

² For the period of 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 enhanced FMAP rate may change on a quarterly basis through 12/31/10 as a result of this legislation. For the period from 1/1/2010 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.