Supplemental payments

For the period May 1, 2011 through May 31, 2011, supplemental payments in the form of rate add-ons, in the amount of $221.3 million, will be made to eligible residential health care facilities which the Commissioner has determined have experienced a net reduction in their rate for the period April 1, 2009 through March 31, 2011 as a result of the 2002 rebasing methodology, Medicaid-only case mix methodology, and the application of proportional adjustments required to be made by the application of the residential health care facility cap. In determining the net reduction, the impact of case mix adjustments applicable to July 2010 and Medicaid rate adjustments for appeals and patient review instrument (PRI) case mix updates processed for payment after October 19, 2010 will be disregarded by the Commissioner. The following facilities are eligible for such supplemental payments:

a) Facilities which were eligible for Financially Disadvantaged distributions for the 2009 period; non-public facilities whose total operating losses equal or exceed five percent of total operating revenue and whose Medicaid utilization equals or exceeds seventy percent (based on either their 2009 cost report or their most recently available cost report); or facilities or distinct units of facilities providing services primarily to children under the age of twenty-one, will receive a supplemental payment that is equal to 100 percent of the net reduction determined above.

b) Facilities other than eligible facilities described in paragraph (a) above will receive supplemental payments equal to 50 percent of their net reduction.

c) Facilities described in paragraph (b) above, which after the application of the rate adjustments described in paragraph (b) remain subject to a net reduction in their inpatient Medicaid revenue that is in excess of two percent (as measured with regard to the non-capital components of facility inpatient rates in effect on March 31, 2009 computed prior to the application of trend factor adjustments attributable to the 2008 and 2009 calendar years) will have their payments further adjusted such that the net reduction does not exceed two percent.

d) Facilities as described in paragraph (c) above which have experienced a net reduction in their inpatient rates of more than $6 million over the period April 1, 2009 through March 31, 2011 as a result of the application of proportional adjustments required to be made by the application of the residential health care facility cap will have their payments further adjusted so that their net reduction is reduced to zero.

Additional rate adjustments, in the form of rate add-ons, will be made to the eligible facilities described above for the period May 1, 2011 through May 31, 2011 in an aggregate amount equal to 25% of the payments described above (or 25% of $221.3 million which equals $55.3 million). The payments will be distributed to eligible facilities in the same proportion as the total $221.3 million of distributions made to each eligible facility.

The supplemental payments described above will not be subject to subsequent adjustment or reconciliation and will be disregarded for purposes of calculating the limitations on Medicaid rates required by the application of the residential health care facility cap.