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### Medicaid Per-Patient Spending CHHAs to Face New Limits

This month, New York's Department of Health (DOH) implemented rules limiting the amount of Medicaid payments that a certified home health care agency (CHHA) can receive.

For services provided between April 1, 2011 and March 31, 2012, the DOH will determine a ceiling for each agency based on a weighted formula. This formula will consider an agency's 2009 average per-patient Medicaid claim, and the 2009 statewide average per-patient Medicaid claim for all agencies, adjusted for regional wage index factors and each agency's patient case mix index. Any agency whose projected average per-patient Medicaid claim exceeds its limit for the April 1, 2011 through March 31, 2012 period, as calculated by the DOH, will be subject to a reduction in Medicaid payments.

Agency ceilings will also be subject to retroactive adjustment and reconciliation based on a weighted formula considering the agency's 2009 average per-patient Medicaid claim, adjusted for an increase or decrease in its patient case mix from 2009 through the April 1, 2011 through March 31, 2012 period, as well as the 2009 statewide average per-patient Medicaid claim, again adjusted for regional wage index factors and each agency's patient case mix index. Once the adjusted ceiling is compared to actual Medicaid paid claims, the DOH will recoup excess payments from agencies, or in the event that an agency has a lower average claim than its limit, pay agencies the underage.

The new rules stem from a state law seeking to eliminate over-use of CHHA services and transition towards an episodic pricing system which takes effect on April 1, 2012. That system will base Medicaid reimbursement on 60-day care episodes, adjusted for patient acuity.

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