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| LOCAL COMMISSIONERS MEMORANDUM |
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Transmittal No: 90 LCM-177

Date: October 30, 1990

Division: Medical Assistance

TO: Local District Commissioners

SUBJECT: Single Nursing Facility Level of Care

ATTACHMENTS: There are no attachments to this LCM.

Effective October 1, 1990, the federal Health Care Financing Agency (HCFA) will reclassify all residential health care facilities (i.e., health related and skilled nursing facilities) participating in the Medicaid program as simply "nursing facilities" (NFs), governed by a single set of standards and regulations. The regulatory summary contained in the Federal Register states, in part, that under the new regulations "one set of requirements replaces the existing separate ones for SNFs participating in the Medicare program, and for SNFs and ICFs participating in the Medicaid program. (After October 1, 1990, SNFs and ICFs participating in the Medicaid program will be known as nursing facilities (NFs)."

Although some confusion remains with respect to what HCFA will call residential health care facilities participating in both Medicare and Medicaid, there is no doubt about the fact that after October 1, 1990, there will be a single level of residential health care.

The New York State Departments of Health and Social Services are in the process of complying with the federal regulations. This process involves two distinct efforts:

- (1) the reclassification of some existing health related and skilled nursing facilities; and
- (2) the systems modifications necessary to ensure uninterrupted payment and compliance with policy governing the provision of care in residential health care facilities.

New York State will require that all former HRFs become certified to participate in the Medicare program. Since New York's health related facilities already meet the federal SNF standards for health and safety, this process is expected to be a relatively simple one. We need only to modify existing operating certificates and provider agreements, and obtain Medicare certification for the health related facilities. This process has been initiated.

Required WMS and MMIS systems changes can not be accomplished as easily, and we will need to establish some interim procedures to allow more time for their completion. During the interim period, which will run from October 1, 1990 through December 31, 1990, the following will occur:

- (1) On October 1, 1990, for Medicaid purposes, all free-standing skilled nursing facilities will be called nursing facilities, and will bill using their present provider number. Payment will be at their existing rate.
- (2) On October 1, 1990, for Medicaid purposes, all free-standing health related facilities will also be called nursing facilities, and will bill using their present provider number. Payment for most will be at their present rate; several facilities' rates will be slightly increased to accommodate greater staffing needs.
- (3) On October 1, 1990, for Medicaid purposes, all dual-level of care facilities (i.e., HRF/SNF) will be called nursing facilities. A blending of their HRF and SNF rates will produce a single rate, issued twice, which the facility will receive for patients located in both the former HRF and SNF sections. The facility must, however, continue to bill using the provider numbers assigned to the HRF and the SNF.

No change will be made in the procedures governing out-of-state facilities until the individual states determine how they will comply with the single level of care requirements. Consequently, out-of-state facilities will continue to use their present categories of service and provider numbers. In order to ensure consistency with in-state practice, however, no further placement in any facility not certified to participate in Medicare will be permitted after October 1, 1990.

Effective January 1, 1991, these interim procedures will cease. The procedures which will replace them are not yet final, but are expected to retain existing provider numbers where possible.

Since the former HRFs, including the HRF portions of dual-level of care facilities, are not eligible to receive Medicare until HCFA certifies them as SNFs, we will continue to exclude them from Medicare Optimization requirements until HCFA certification is received.

Questions may be addressed to Al Roberts by calling 1-800-342-3715, extension 3-5539.

Jo-Ann A. Costantino
Deputy Commissioner
Division of Medical Assistance