

ATTACHMENT
January 1, 2021 Hospital Inpatient Initial Rates
Updates to the Acute and Exempt Unit/Exempt Hospital Rates

Acute Rates:

- **2021 Budgeted Capital (Rate Schedule 6):** This rate schedule is the capital cost allocation for acute and exempt services based upon each hospital's 2021 budgeted capital report, as submitted to the Department. Unless hospitals elected to have the 2019 capital traceback percentages used from Schedule 3 of the Institutional Cost Report (ICR), capital traceback percentages reported on Table 1 – Part 4 of the report were applied to the submitted budgeted capital. All the latest versions of the 2021 budgeted capital reports have been incorporated into these rates. In addition, the 2019 excess budget over actual percentage has been applied. As a reminder, the Department's policy for the calculation of the excess percentage is based on the statutory requirement to use inpatient capital only versus total capital.
 - ❖ 2019 Excess Budget over Actual % - Current Methodology
 - 1) Total allowable inpatient actual capital for 2019 (per Schedule 3 from the 2019 ICR) divided by
 - 2) Total budgeted inpatient capital for 2019 without the excess % applied (Rate Schedule 6 published on the HCS within the 2019 rate sheets), however utilizing the actual 2019 traceback %'s from Schedule 3 of the 2019 ICR. This is done so that same set of traceback %'s are used to compare actual and budgeted capital.
- **2% Hospital Investment (Medicaid Only):** The 2018-19 enacted State Budget established a Health Care Transformation Fund. A portion of these funds has been allocated to hospitals to provide a 2% investment on all of the operating components of the Medicaid inpatient rates. For those hospitals where the estimated annual Medicaid impact from the 2% operating investment is less than \$75,000, lump sum payments may be issued for \$75,000 per state fiscal year. The rate sheets will indicate those hospitals that are eligible for lump sum payments versus the 2%.
- **Minimum Wage (MW):** The Department of Health has incorporated additional adjustments to the acute services as a result of Article 19 of NYS Labor Law that establishes new minimum wage increases effective January 1, 2021. The rates were adjusted based on wage survey data that was submitted and attested to by hospitals. Facilities who failed to complete the survey defaulted to the use of an average wage calculation based on their facility's 2018 institutional cost report (ICR) and as such may have resulted in no additional reimbursement. The following were implemented with the 2021 rates:
 - ❖ The total minimum wage adjustment for 2021 was allocated to inpatient services only.
 - ❖ The 2021 add-on was calculated by dividing total MW costs by total 2018 reported ICR acute discharges.
 - ❖ Prior years' acute add-ons were left as is and will be updated to the revised method at the time of reconciliation. 2018 MW was previously allocated between inpatient and outpatient and will therefore need to be updated to total MW costs (simultaneously with the removal of the add-on from the 2018 APG rates).

- **Trend/Roll Factors (Rate Schedule 2):** This rate schedule contains the yearly trends that comprise the roll factors utilized for trending the statewide prices (Medicaid and Workers' Compensation/No-Fault (WCNF)), direct medical education and non-comparable costs (where applicable). An initial trend of 1.2% for 2021 was included in the calculation of the WCNF rates only. Also, for WCNF, the final trends for 2019 and 2020 were updated to 1.8% and 1.2%, respectively, since previously the initial respective trends of 2.2% and 2.4% had been used. The Medicaid trend and roll factors are correct as displayed. The 2021/2022 State budget extended the freeze on the Medicaid trend at 0% through March 31, 2023.
- **Budget Neutrality and Transition Factors:**
 - ❖ Budget Neutrality Factor: The budget neutrality factor remained the same as the January 1, 2020 – December 31, 2020 rates.
 - ❖ Transition Factor: The hospital-specific transition factors have been updated as a result of the limit on losses increasing from 3% to 4% and the cap on gains increasing from 5.71% to 6.92%, effective January 1, 2021.
- **High Cost Charge Convertors:** Updated based on 2019 unaudited cost report data.
- **Hotline appeals:** All approved notice rate hotline appeals were included in these initial rates.

Exempt Units/Exempt Hospital Rates:

- Inclusion of the 2021 budgeted capital days and discharges, as described above for the Acute rates.
- 2% Hospital Investment (Medicaid Only), as described above for the Acute rates.
- Inclusion of Minimum Wage Adjustments for Critical Access Hospitals and Specialty Hospitals, as described above for the Acute rates.
- Inclusion of the 2021 initial trend factor and 2019 and 2020 final trend factors for the WCNF rates, as described above for the Acute rates.
- Inclusion of all approved notice rate hotline appeals.

Service Intensity Weights (SIWs)/Outlier Thresholds/3M Grouper:

The Department will continue to use the July 1, 2018 All Patient Refined Diagnosis Related Groups (APR-DRGs) SIWs, average lengths of stay (ALOS) and outlier thresholds for discharge dates on and after January 1, 2021. Claims with discharge dates on and after January 1, 2021 will also continue to be processed using v34 of the 3M APR-DRG grouping software.

Electronic Access – Health Commerce System (HCS):

As previously notified, the Department transitioned the inpatient rate publication from the “Hosp Inpatient Reform Rate” application to the “**Healthcare Financial Data Gateway**” application within the HCS. The “Publications” tab of that application can be used to access your facility’s rate sheets.

Please note that the HCS is designed as a secure network and only those HCS accounts with access to the Healthcare Financial Data Gateway will be able to download the rate sheets. The web address for the HCS is <https://commerce.health.state.ny.us/>. Please select the “Help” menu if you have difficulty viewing any of the files.