



**Department  
of Health**

**Office of  
Health Insurance  
Programs**

# Safety Net Payments

December 1, 2016

John E. Ulberg, Jr.  
Michael Ogborn  
Janet Baggetta  
Joseph Sohn

# Agenda

- Safety Net Payment Background
- Available Funding and Mitigation Pool
- Program Eligibility
- Safety Net Payment Calculation Method
- New Providers without Cost/Visit Experience
- FQHC Designation Change
- Cost Reporting
- Examples: FQHC & non-FQHC
- Examples: non-FQHC State Share Only Payment

# Safety Net Payment Background (Uncompensated Care Distribution Replacement)

- The Centers for Medicare and Medicaid Services (CMS) denied the continuation of the waiver for the Clinic Uncompensated Care distribution.
- State Plan Amendments (SPAs) submitted to CMS
  - Federal Public Notice effective July 28, 2016
  - SPA 16-0046: FQHC (Article 28 & Article 31)
  - SPA 16-0047: Non-FQHC (Article 28 & Article 31)
- First year distribution commences July 28, 2016 – March 31, 2017
  - Distribution will be SFY thereafter
  - 2014 cost report (AHCF and CFR) will be used as the base year for first year distribution and advanced one year for each subsequent period
- CMS requirement to use Medicaid utilization in the distribution method
- SPA status
  - Denial of Federal Financial Participation (FFP) for the non-FQHC distribution due to the disapproval of the Upper Payment Limit (UPL) by CMS

# Available Funding and Mitigation Pool

- The Department is currently authorized to spend \$110M gross (\$55M State / \$55M Federal) annually.
- In order to mitigate dollar swings from the old methodology and recapture a portion of the 2015 Federal dollars that were lost when the Waiver was not extended, the Department intends to pay \$151.5M in SFY 2016-17.
- In order to accomplish this, the current year model assumes that those providers who received uncompensated payments in 2015 and achieve increased funding under the new methodology contribute their 2015 payment to the Mitigation Pool.

# Available Funding and Mitigation Pool (cont'd)

- As a result of the Mitigation Pool, the total funds available for the Safety Net Payments in SFY 2016-17 will be \$151.5M gross value.
  - FQHCs Safety Net payments: \$127.6M gross value
  - Non-FQHCs Safety Net payments: \$23.9M gross value
    - ✓ Due to the SPA associated with the non-FQHC Safety Net payments not being approved by CMS, State share payments only of \$11.95M will be distributed to providers.
- DOH will work with providers to recoup 2015 State-only payments. This will be done in a manner that does not disrupt cash flow or place undue burden on providers (e.g. cycle check offsets, etc.).
  - OMH providers did not receive the 2015 state funds, however, the funds were used in the mitigation pool
- It is anticipated that the \$151.5M will be reduced back to original funding levels of \$110M gross in SFY 2017-18. Pool amounts will be reduced maintaining the same proportional values at the time of the reduction.

# Program Eligibility

- The revised model maintains the eligibility criteria utilized under the Clinic Uncompensated Care Program and meet the following criteria:
  - Deliver comprehensive range of health care or mental health services;
  - Provide at least 5% of their annual visits to uninsured individuals; and
  - Have a process in place to collect payment from third party payers.
- Eligible Clinic Types:
  - Federally Qualified Health Centers (FQHCs)
    - Voluntary non-profit and publicly sponsored D&TCs licensed under Article 28 or Article 31.
    - Received Federally Qualified Health Center or Rural Health Center status from the Health Resources & Services Administration (HRSA).
  - Diagnostic and Treatment Centers (D&TCs)
    - Voluntary non-profit and publicly sponsored D&TCs licensed under Article 28 or Article 31

# Safety Net Payment Calculation Method

- Each eligible clinic will qualify for a rate add-on based on its percentage of uninsured visits to total visits according to the following tiers:

## FQHCs

## Non-FQHC

% of eligible uninsured visits to total visits							
Upstate				Downstate			
Low (At Least)	High (Less Than)	Amt	Tier	Low (At Least)	High (Less Than)	Amt	Tier
0%	5%	\$0	0	0%	5%	\$0	0
5%	10%	\$15	1	5%	15%	\$32	1
10%	15%	\$25	2	15%	20%	\$42	2
15%	20%	\$36	3	20%	25%	\$53	3
20%	25%	\$48	4	25%	35%	\$65	4
25% or more		\$61	5	35% or more		\$78	5

% of eligible uninsured visits to total visits							
Upstate				Downstate			
Low (At Least)	High (Less Than)	Amt	Tier	Low (At Least)	High (Less Than)	Amt	Tier
0%	5%	\$0	0	0%	5%	\$0	0
5%	10%	\$30	1	5%	15%	\$47	1
10%	15%	\$40	2	15%	20%	\$57	2
15%	20%	\$51	3	20%	25%	\$68	3
20%	25%	\$63	4	25%	35%	\$80	4
25% or more		\$76	5	35% or more		\$93	5

# Safety Net Payment Calculation Method (cont'd)

- Safety Net payments will be calculated by multiplying each facility's rate add-on by the number of Medicaid visits reported in the base year certified cost report. Per CMS requirements:
  - For FQHCs: Medicaid visits include Medicaid fee-for-service (FFS) and Medicaid managed care (MMC) visits.
  - For non-FQHCs: Medicaid visits include Medicaid fee-for-service (FFS) visits only.
- The Safety Net rate adjustment total payment for each eligible clinic, which is determined based on the tier system, will be scaled based on the ratio of the total amount that was allocated for payment, using the tier system, to the total statewide safety net funds available for distribution to all eligible clinics.
- Safety Net payments will be made as *quarterly* aggregate payments to eligible clinics and will not be subject to subsequent adjustment or reconciliation.
  - For a SFY distribution (April thru March period), the first quarterly payment can be paid July 1<sup>st</sup>.



# New Providers without Cost/Visit Experience

- New providers with less than two full years of cost experience may qualify to be included in the distribution.
  - No longer a separate “supplemental” pool
  - The provider must meet the eligibility criteria for the Safety Net Payment.
  - The provider must be eligible to receive a Medicaid rate.
  - The provider must submit a request to the Department of Health to participate in the distribution. (Process to be determined)
  - The annual distribution for a new provider will not exceed \$100,000.
  - This distribution amount is included in the total annual value and is not additional funding.

# FQHC Designation Change

- Providers initially included in the non-FQHC Safety Net pool distribution that subsequently receive FQHC designation:
  - Will be removed from the non-FQHC Safety Net Payment pool and included in the FQHC Safety Net Payment pool.
  - The funds that were allocated to the new FQHC provider in the non-FQHC Safety Net Payment pool will be transferred to the FQHC Safety Net Payment pool based on the prior State Fiscal Year (SFY) calculation.
  - The effective date of the transfer will be the first SFY distribution calculation after the FQHC designated approval date or after the date the Department of Health is notified of the FQHC designation, whichever is later.
- Providers initially included in the FQHC Safety Net pool distribution that subsequently lose FQHC designation:
  - The funds allocated to the clinic based on the MMC utilization will not be paid as of the date the provider loses its FQHC designation.
  - The FFS funds allocated to the FQHC provider in the FQHC Safety Net Payment pool will be transferred to the non-FQHC Safety Net Payment pool based on the prior State Fiscal Year (SFY) calculation.
  - The effective date of the transfer will be the first SFY distribution calculation after the FQHC loses its designation.
  - The remaining MMC distribution not paid in a SFY will be allocated to the remaining FQHC providers in the last quarterly installment.

# Cost Reporting

- The distribution received should be reported as follows (example is assuming calendar year reporting):
  - For 2016-17: 8 month distribution
    - ✓ Report 5/8 of the distribution in 2016
    - ✓ Report 3/8 of the distribution in 2017
  - For 2017-18: 12 month distribution
    - ✓ Report 9/12 of the distribution in 2017
    - ✓ Report 3/12 of the distribution in 2018
    - ✓ The 9/12 & 3/12 reporting would continue forward
  - AHCF will have a new line established for 2016 on Exhibit I – D, Statistical Data by Payor
  - CFR information to be provided
  - Timely filed cost reports

**Examples –  
FQHC &  
non-FQHC  
Clinics**

**2016 Safety  
Net  
Calculation  
and  
Distribution  
Amount  
(Gross  
Value)**

[Detail will be  
supplied to  
providers]

		Example 1	Example 2	Example 3	Example 4
	Scenario	2016 award is > than 2015 award	2016 award = \$0, 2015 award > \$0	2016 award is larger than 2015 award	2016 award > \$0, 2015 award = \$0
(1)	Facility Type and Region	FQHC, Downstate	FQHC, Upstate	Non-FQHC, Downstate	Non-FQHC, Upstate
(2)	Uninsured (Self-pay + Free Visits)	15,400	1,500	2,500	5,400
(3)	Total Medicaid FFS	15,000	3,000	12,000	14,000
(4)	Total MMC	25,000	12,000	N/A	N/A
(5)	Total Visits	70,000	35,000	20,000	45,000
(6)	Uninsured % to Total Visits	22.00%	4.29%	12.50%	12.00%
(7)	Add-on based on Tiers	\$53	\$0	\$47	\$40
(8)	Safety Net Pymt based on Tiers	\$2,120,000	\$0	\$564,000	\$560,000
(9)	Total Statewide Safety Net Pymt based on Tiers	\$136,683,856	\$136,683,856	\$25,323,614	\$25,323,614
(10)	Total Statewide Available Fund Amount	\$127,600,000	\$127,600,000	\$23,900,000	\$23,900,000
(11)	Final Safety Net Payment (Gross)	\$1,979,107	\$0	\$532,294	\$528,519
(12)	2015 Indigent Care Award (State Share)	\$900,000	\$100,000	\$100,000	\$0
(13)	2015 Indigent Care Award (Gross)	\$1,800,000	\$200,000	\$200,000	\$0
(14)	Difference: New Allocation to 2015 Award (Gross)	\$179,107	(\$200,000)	\$332,294	\$528,519
(15)	Pay Back \$ Amt.	\$900,000	\$0	\$100,000	\$0
(16)	Total Statewide collected for mitigation	\$13,498,161	\$13,498,161	\$13,498,161	\$13,498,161
(17)	Total Statewide needed for mitigation	(\$19,655,853)	(\$19,655,853)	(\$19,655,853)	(\$19,655,853)
(18)	Facility Mitigation Pool Received Amount	\$0	\$137,345	\$0	\$0
(19)	New Final Payment After Mitigation Pool	\$1,979,107	\$137,345	\$532,294	\$528,519
(20)	Net Distribution after State Share Pay Back	\$1,079,107	\$137,345	\$432,294	\$528,519

**Examples –  
non-FQHC  
Clinics Only**

**2016 Safety  
Net  
Calculation  
and  
Distribution  
Amount  
(State Share  
only  
payment)**

		Example 3-1	Example 4-1	Example 5
	Scenario	2016 award is larger than 2015 award	2016 award > \$0, 2015 award = \$0	2016 award is less than 2015 award
(1)	Facility Type and Region	Non-FQHC, Downstate	Non-FQHC, Upstate	Non-FQHC, Downstate
(2)	Uninsured (Self-pay + Free Visits)	2,500	5,400	350
(3)	Total Medicaid FFS	12,000	14,000	1,200
(4)	Total MMC	N/A	N/A	N/A
(5)	Total Visits	20,000	45,000	3,500
(6)	Uninsured % to Total Visits	12.50%	12.00%	10.00%
(7)	Add-on based on Tiers	\$47	\$40	\$47
(8)	Safety Net Pymt based on Tiers	\$564,000	\$560,000	\$56,400
(9)	Total Statewide Safety Net Pymt based on Tiers	\$25,323,614	\$25,323,614	\$25,323,614
(10)	Total Statewide Available Fund Amount	\$23,900,000	\$23,900,000	\$23,900,000
(11)	Final Safety Net Payment (Gross)	\$532,294	\$528,519	\$53,229
(12)	2015 Indigent Care Award (State Share)	\$100,000	\$0	\$50,000
(13)	2015 Indigent Care Award (Gross)	\$200,000	\$0	\$100,000
(14)	Difference: New Allocation to 2015 Award (Gross)	\$332,294	\$528,519	(\$46,771)
(15)	Pay Back \$ Amt.	\$100,000	\$0	\$0
(16)	Total Statewide collected for mitigation	\$13,498,161	\$13,498,161	\$13,498,161
(17)	Total Statewide needed for mitigation	(\$19,655,853)	(\$19,655,853)	(\$19,655,853)
(18)	Facility Mitigation Pool Received Amount	\$0	\$0	\$32,119
(19)	New Final Payment After Mitigation Pool	\$532,294	\$528,519	\$85,348
(20)	Net Distribution after State Share Pay Back	\$432,294	\$528,519	\$85,348
(21)	Facility Mitigation Pool Received Amount	\$0	\$0	\$32,119
(22)	Pay Back \$ Amt.	\$100,000	\$0	\$0
(23)	State Share Payment of 2016 Distribution	\$266,147	\$264,259	\$26,615
(24)	Net Payment	\$166,147	\$264,259	\$58,734

# Questions?

***D&TC Unit email:***

[dtcffsunit@health.ny.gov](mailto:dtcffsunit@health.ny.gov)

