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| LOCAL COMMISSIONERS MEMORANDUM |  
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DSS-4037EL (Rev. 9/89)

Transmittal No: 94 LCM-27

Date: March 14, 1994

Division: Health and Long Term  
Care

TO: Local District Commissioners

SUBJECT: Proposed Change in Medicare Optimization Procedures  
for Care Provided in Nursing Facilities

ATTACHMENTS: None

This memorandum is to inform social services districts of a proposed revision to Medicare Maximization procedures for nursing facility residents. Since January 1990, Medicare Maximization efforts have targeted five selected Resource Utilization Groupings (RUGS) as the standard for identifying nursing facility residents with a reasonable chance of being covered by Medicare. These five RUGS are: Rehabilitation A and B, Special Care A and B, and, Clinically Complex D.

The proposed new procedures will utilize RUGS III, resource utilization groupings designed by the Health Care Financing Administration (HCFA) to more accurately predict Medicare as a probable third party payor. The RUGS III system classifies nursing facility residents into a number of mutually exclusive groups using residents' health conditions and services as criteria. Seven distinct categories are formed from this grouping; four of which will automatically be deemed as Medicare coverable for participating nursing facilities.

Because this change in procedure will impact all local districts, the Department will be scheduling a series of informational meetings to discuss and explain the proposed revisions. Sessions are tentatively scheduled to be held in Albany, White Plains, Syracuse, Batavia, and, New York City. Specific information regarding time and location will be sent to all districts in advance of the training sessions.

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Any questions relating to the proposed informational meetings should be directed to Loretta Grose at 1-800-343-8859, extension 3-5539 or directly at 518-473-5539 (User ID AW0680).

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Sue Kelly  
Deputy Commissioner  
Division of Health and Long Term Care