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

Transmittal No: 96 LCM-55

Date: June 12, 1996

Division: Health and Long
Term Care

TO: Local District Commissioners

SUBJECT: Changes to Medicaid Reimbursement for Rehabilitation
Services in OMH Residential Settings

ATTACHMENTS: None

The State Office of Mental Health (OMH) is replacing the current regional fee structure for rehabilitation services provided in community residences, Family Based Treatment and Teaching Family Homes. These providers will now receive provider-specific rates which will be payable retroactive to May 1, 1996. Actual provider billing using the new rates is anticipated to begin on July 1, 1996.

There will be no fiscal impact on the local districts as a result of this change. Through this initiative, additional allowable costs for the rehabilitation services will become part of the new Medicaid rates, saving New York State approximately fifty percent of the state and local cost by claiming a Federal Medicaid share. A savings of eleven million dollars annually is anticipated through this change.

As you know, State Social Services seeds each local district's escrow account by the estimated amount of that county's local share of the community residence services. (Family Based Treatment and Teaching Family Homes services have no local share.) Because the community residence rates will increase by about 20 percent, the local district escrow account seed money will increase about 20 percent as well. Each county escrow account will be adjusted based on historic utilization patterns, to be as close an estimation to actual costs as possible.

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