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| LOCAL COMMISSIONERS MEMORANDUM |  
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Transmittal No: 90 LCM-152

Date: September 24, 1990

Division: Medical Assistance

TO: Local District Commissioners

SUBJECT: Mandatory Trend Factor for 1991 Medicaid Personal Care Rates

ATTACHMENTS: There are no attachments to this LCM.

The purpose of this LCM is to notify districts of the establishment of trend factors to be used in the development of personal care rates for contract years beginning on or after July 1, 1990.

These trend factors have been established in compliance with Chapter 53 of the Laws of 1990, which mandates that Medicaid payments for services provided by personal care providers will be based upon the reimbursement rate in effect for rate or contract years beginning prior to July 1, 1990 and adjusted by a trend.

The trend factors approved by the Division of the Budget for contract/rate years beginning on or after July 1, 1990 are:

4.5 % for all counties outside of New York City  
5.0 % for New York City

The trend factor is again based on an analysis of three major components which make up the cost of personal care:

	<u>Upstate</u>	<u>NYC</u>
1. Aide wage and benefit components	73.40%	90.33%
2. Administrative and operating components	21.83%	7.63%
3. Clinical components	4.77%	2.04%

For each of these component groups the following commonly used measures of cost/price movement were selected.

Components for NYC

External Indicator

Aide, Wage & Benefit

The U.S. Department of Labor's Employment Cost Indicator for Metropolitan Areas, for all workers and all occupations for the twelve months ending June, 1989.

Administrative

The Consumer Price Index for all Urban Consumers (CPI-U) for the twelve months ending June, 1989 for the region composed of NY, Northern NJ, Long Island, NY-NJ-CT.

Clinical

The 1990 trend factor for Certified Home Health Agencies in New York City as determined by the New York State Department of Health.

Components for Upstate

External Indicator

Aide, Wage & Benefit

The Employment Cost Index for Civilian Workers in Service Occupations from the Monthly Labor Review of the U.S. Bureau of Labor Statistics for the twelve months ending December 1989.

Administrative

The Consumer Price Index for all Urban Consumers (CPI-U) for the twelve months ending December 1989.

Clinical

The 1990 trend factor for Upstate Urban Certified Home Health Agencies as determined by the New York State Department of Health.

Each of these discrete measures was then weighted to account for the percentage of the overall personal care rate which those components comprise.

Districts should be aware of the following key elements in this year's trend factor:

- (1) All personal care rates submitted at or below the mandated trend will be reviewed and approved by the Department of Social Services and the Division of the Budget within two months of receipt of a rate request.
- (2) The percentage cost attributed to each component for purposes of determining the trend is not to be considered a mandatory distribution for actual rates submitted.

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- (3) In order for a rate package to be considered for processing as under trend, the rate for each code must be adjusted by the trend or less. No new rate codes may be requested. Rate codes may be deleted. Completed contract signature pages must be included.
- (4) Exceptions to the mandatory trend factor will be considered by the Department and the Division of the Budget only in those extraordinary circumstances such as, the inability to provide adequate personal care services, a diminution in the quality of services or other factors currently being defined by the Department in conjunction with the Personal Care Rate Advisory Committee. Exception criteria will be available in the near future. Rates submitted as an exception to the mandatory trend will be acted upon within four months of receipt.

Any questions regarding this information should be directed to Rosemary Contompasis at 1-800-342-3715, extension 3-5870.

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Deputy Commissioner  
Division of Medical Assistance