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| LOCAL COMMISSIONERS MEMORANDUM |  
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Transmittal No: 92 LCM-76

Date: May 13, 1992

Division: Medical Assistance

TO: Local District Commissioners

SUBJECT: Chapter 41 of the Laws of 1992

ATTACHMENTS: Not available on-line

Attached for your information is a copy of the letter distributed by the New York State Department of Health (DOH) to all HMOs. This letter explains the impact of Chapter 41 of the Laws of 1992, which requires HMOs certified under Article 44 of the Public Health Law or Article 43 of the Insurance Law to pay hospital rates which are increased by a 9 percent differential, unless the HMO qualifies for a waiver. The letter also outlines the procedures developed by the Health Department to implement this policy.

This letter may stimulate HMO interest in contracting with your district because an HMO may receive a waiver of the 9 percent differential if it "adequately participates in the Medicaid managed care program." Additionally, an HMO may be granted an exemption from participation in a managed care program if it "has demonstrated a good faith effort to enter into contracts with the social services district in its service area."

If you have questions regarding this LCM please contact Anne Smith at the New York State Department of Social Services, Division of Medical Assistance, Managed Care Unit at 1-800-342-3715 extension 3-5600; electronic mail user #AZ1920.

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Jo-Ann A. Costantino  
Deputy Commissioner  
Division of Medical Assistance