

Greyston Foundation
Housing Works
Project Samaritan AIDS Services
Harlem United Community AIDS Center

Promesa Systems, Inc.
St. Mary's Center
Village Care of New York

Legislature Urged to Include Additional \$4 Million in FY 2006/07 Budget for Medicaid Rate Increase for the AIDS Adult Day Health Care Programs

10-Year Rate Freeze Not Adequately Addressed by COLA in Executive Budget

Recognizing that AIDS ADHC Programs require a rate increase, the Administration proposes to trend reimbursement rates on October 1, 2006 based on the CPI (3.4%), at a cost to the State of \$284,000. Under the Executive Budget, rates would increase for the first time in 10 years from \$161.26 to \$166.75 (on a blended basis). While the trend is critical, without first increasing the 1996 base rate, it is inadequate.

Operating and Capital Reimbursement Has Been Frozen for 10 Years

The AIDS ADHC rate is inclusive of all operating and capital costs. Unlike other providers that have been subject to a rate freeze, AIDS ADHC Programs have not even been eligible to appeal their capital reimbursement when they make significant capital investments. AIDS ADHC Programs have invested more than \$18 million in capital improvements since 1998, although not a penny of which has been reflected in their rates.

As the Needs of AIDS Patients Have Evolved, Program Costs Have Increased

First established in 1996, these Programs provide physical and behavioral health care services, case management, and health education & prevention counseling to over 1,500 people living with AIDS and HIV in New York City, Westchester and Long Island. ADHC clients typically have multiple comorbidities in addition to histories of homelessness, incarceration, and domestic violence. In 1996, when initial rates were developed and Programs first began operating, AIDS was a terminal illness. Today, it is a chronic disease. Over time, the needs of the clients have increased; regulatory requirements have likewise increased; all of which have driven up the costs of care.

Programs Are Not Financially Viable

Five AIDS ADHC Programs have closed in the past seven years. Four out of the seven current Programs recorded net losses in 2004.

AIDS ADHC Programs Save the State Money Through Disease Management

These Programs keep their clients out of costly nursing homes, hospital inpatient beds and emergency rooms by providing health care coordination, case management, prevention, and intervention services in addition to primary and preventative care. They also reduce their clients' utilization of mental health and chemical dependence services by stabilizing care and offering these services in-house at *no* additional cost to the State.

Programs Seeking \$4 Million to Fund the State's Share of Rate Increase

The proposed October 1, 2006 rate trend is vital but not sufficient to remedy the 10-year rate freeze. Adding \$8 million (all funds) will increase the rate from \$161.26 to \$200 per day. To put the request in perspective, had rates been trended by the consumer price index over the past 10 years, rates would now be \$200.80 per day; had rates been trended by medical inflation, rates would now be \$241.78 per day. An investment of \$4 million will sustain one of the State's most successful community-based care management initiatives.

Please contact Legislative leadership to express your support for this proposal

For more information, please contact Deborah Bachrach at Manatt, Phelps & Phillips at 212-790-4500 or Michael Kink at 518-527-2787.

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