



**Amendments to Rate Setting Methodology:  
Rates for Residential Habilitation Delivered in IRAs & CRs and for  
Day Habilitation Services**

Amendments to 14 NYCRR Subpart 641-1

**Summary**

The regulations amend the newly-adopted 14 NYCRR Subpart 641-1 concerning the rate methodology for Residential Habilitation delivered in IRAs and Community Residences and Day Habilitation. The amendments contain the methodology as described in the regulations adopted effective July 1, 2014 with changes required by the federal Centers for Medicare and Medicaid Services (CMS) subsequent to the adoption of those regulations. The amendments change the SSI offset with additional changes to the budget neutrality factor necessitated by the change in the SSI offset. The changes are:

- 1) A definition was added for “state supplement.” The definition of state supplement is the amount paid to a provider to cover room and board costs in excess of SSI/SNAP payments.
- 2) The “budget neutrality” formula was changed for supervised and supportive individualized residential alternatives (IRAs) and community residences (CRs). The method for calculating the budget neutrality factor for the “state supplement” was adjusted.
- 3) The “capital component” sections were revised to eliminate capital threshold schedules and require that capital costs must be depreciated over 25 years. The amendments require day habilitation providers to submit a capital assets schedule to OPWDD as part of the annual cost report, to identify the differences, by asset, between the amount on the cost report and the amount approved by OPWDD, and to have an independent auditor apply procedures to verify the accuracy and completeness of the capital assets schedule.
- 4) The amendments also contain provisions to reimburse IRA and CR providers for July 1 through November 1, 2014 for the difference between the November 1, 2014 rate and the July 1, 2014 rate if the November 1 rate is higher.
- 5) Several non-substantive technical corrections were added to correct reference errors and grammatical errors.