

FYI. Feel free to circulate.

Hello all. I have received several questions as to how the Budget Neutrality Factor was calculated for the draft 7/1/18 rates. The revised corridors are once again copied below, with the following explanation:

Here are a couple of points related to the BNF corridors that will hopefully clarify things:

The operating reimbursement from 6/30/17 utilized in the comparison was not changed from last year.

For the 27 agencies that re-submitted their cost reports and the 5 agencies whose cost reports were unmerged, the operating reimbursement from 6/30/17 was compared with the new operating reimbursement based on the re-calculated 7/1/18 rates; this could have caused the Budget Neutrality Factor to change.

For the remaining agencies, the only other reason agencies will see a change is because of the revisions in red below to the corridors (even if the agency made no change to the CFR). So an agency that had a [0.5%] decrease in operating revenue from 6/30/17 to 7/1/17 would have received a corridor of 1.01 last year, but it was changed to 1.0 this year. Conversely, an agency that had a 1.2% increase in operating revenue from 6/30/17 to 7/1/17 would have received a corridor of 0.99 last year, but it was changed to 1.0 this year.

For Day Hab and Prevoc, the updated To/From transportation was not factored into the determination of the corridor level; the same To/From reimbursement from last year's rate calculation was kept in place when making the determination of the BNF corridors. However, the BNF corridor (which could have changed) was applied to the new operating rate inclusive of the updated To/From transportation, in the same manner as it is applied to the remainder of the operating components (except for Minimum Wage and the 3.25% increases).

#### 7/1/18 Budget Neutrality Factor Corridors

ICF Program Budget Neutrality Corridors:

- \*rates increasing by 3% or more = .98
- \*rates increasing from 2% to 2.99% = .99
- \*rates increasing by less than 2% or that are being cut = 1.0

#### Waiver Program Budget Neutrality Corridors (Supervised and Supportive IRAs, Day Hab and Site-based Prevoc):

- \*rates getting cut by -7% or more = 1.03
- \*rates cut from -3 to -6.99% = 1.02
- \*rates cut between -1% and -2.99% = 1.01
- \*rates between -0.99% and +1.99% = 1.0
- \*rates increasing between +2% and +4.99% = .99
- \*rates increasing +5% or more = .98

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