ISSUE REVIEW

Iowa Legislative Fiscal Bureau

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State Capitol
Des Moines, IA 50319
August 21, 2001

Senior Living Trust Fund

ISSUE

This ***Issue Review*** provides an overview of the Senior Living Trust Fund, the Senior Living Program, and price-based case-mix nursing facility reimbursement.

AFFECTED AGENCIES

Department of Elder Affairs
Department of Human Services (DHS)

CODE AUTHORITY

Section 249A and Section 249H, Code of Iowa
42 Code of Federal Regulations 447-271 and 447-272
28 Iowa Administrative Code, 321.28
161 Iowa Administrative Code, 441.161

BACKGROUND

In April 2000, Iowa received federal approval to amend its Medicaid State Plan to implement a new nursing facility reimbursement methodology that maximizes federal matching funds for nursing facility reimbursements effective October 1, 1999. The reimbursement methodology utilizes the Medicare rate, known as the "upper payment limit," for Medicaid reimbursed nursing services.

Federal funds are maximized through the upper payment limit in the following manner:

1. The State calculates its expenditure for nursing facility reimbursements as if all nursing homes in the State are reimbursed at the higher Medicare level, claiming federal funds based on this theoretical expenditure and maximizing federal matching funds as a result.
2. The State pays private nursing facilities their Medicaid rates.
3. The State pays the remaining funds to government-owned facilities that, through an Intergovernmental Transfer Agreement, return all but the usual Medicaid rate to the State. **Attachment A** provides an example of how the "intergovernmental transfer" operates.

4. The money returned from the government-owned nursing facilities is deposited into the Senior Living Trust Fund, and the State uses the money to fund other Medicaid long-term care expenses.

The Health Care Financing Administration (HCFA), now Centers for Medicare and Medicaid Services, concerned with states' perceived abuse of upper payment limit reimbursement, released a notice of proposed rulemaking on October 10, 2000, that phases-out intergovernmental transfers. The final rule was published in the Federal Register on January 12, 2001, with an effective date of March 13, 2001.

The phase-out is accomplished by establishing a separate upper payment limit for government-owned nursing facilities. States no longer are able to group private and government-owned nursing facilities together when calculating expenditures incurred in order to draw down federal match as if all nursing facilities in the State are theoretically reimbursed at the Medicare rate.

The rule provided a phase-in period of up to five years to allow states time to bring their Medicaid programs into compliance with it. States with Medicaid State Plan amendments approved before October 1, 1999, were given a five-year transition period. States with Medicaid State Plan amendments approved after October 1, 1999, were given a two-year transition period. Since Iowa received approval of its State Plan amendment in October 1999, it was given two years, or until September 30, 2002, to comply with the revised rule.

Senate File 2193 (2000 Senior Living Program Act) established a Senior Living Trust Fund to receive nursing facility payments under the intergovernmental transfer mechanism. For FY 2001, deposits to the Fund and interest income were estimated to total $99.1 million. Additional funds received through intergovernmental transfers will be deposited into the Fund in order to finance other long-term care alternatives in the future.

CURRENT SITUATION

In HF 740 (2001 Senior Living Trust Fund Appropriations Act), the General Assembly appropriated funds from the Senior Living Trust Fund to the following programs for FY 2002:

- $5.3 million to the Department of Elder Affairs for the Senior Living Program, an elder abuse initiative, and recruitment and retention strategies for Certified Nursing Assistants (CNAs).
- $20.0 million to the DHS for nursing facility conversion grants that would allow nursing facilities to convert to assisted living programs.
- $1.7 million to the DHS to supplement the appropriation for Medical Assistance through the Home and Community-Based Waiver and the State Supplementary Assistance Program.
- $24.8 million to the DHS for nursing facility provider reimbursements or reimbursement methodology changes.

Attachment B outlines the deposit process and the flow of funds from the Senior Living Trust Fund for FY 2002.

Senior Living Program

The Department of Elder Affairs awards Senior Living Trust Fund money in the form of grants to the 13 Area Agencies on Aging to design, maintain, or expand home and community-based services for seniors who are age 60 and older. These services may include, but are not limited to, adult day care, personal care, respite, homemaker, chore, and transportation services that promote the

independence of seniors and delay the use of institutional care by seniors with low and moderate incomes.

Attachment C outlines the planned goals, services, and the number of unduplicated clients who received services as the result of the Senior Living Program in FY 2001. Projections for units of service for FY 2002 are shown in **Attachment D.**

Elder Abuse Initiative

House File 740 allocated $255,800 of the Department of Elder Affairs appropriation for an elder abuse initiative. The purpose of the initiative is to provide a holistic system for individuals age 60 and older experiencing or susceptible to some form of abuse or exploitation. **Attachment E** shows the number of dependent adult abuse reports from July 1999 - June 2000.

The goals of the initiative include improvement in the following areas:

- Public awareness, including prevention, detection, reporting, and intervention of elder abuse and exploitation.
- Accuracy of reporting elder abuse incidents. It is estimated that only 20% are reported.
- Identifying individuals who potentially could be exposed to some form of abuse and/or exploitation.
- Training of law enforcement, county attorneys, physicians, health care providers, and the general public.

The initiative will complement the Case Management Program for the Frail Elderly. While not all clients in the Case Management Program for the Frail Elderly will need assistance from the initiative and not all victims or potential victims will need to utilize the Case Management Program, the elder abuse initiative will assist in identifying persons in need of assistance. As a result, the type of assistance identified may include services available through the Case Management System or other services such as abuse or legal counseling.

The Department is also in the process of filling 1.0 FTE position for a State Elder Abuse Prevention Coordinator, and has issued a Request for Proposal (RFP) for three regional prevention coordinator positions that will be placed in areas identified as having the greatest statistical need for the implementation of the initiative. The State Elder Abuse Prevention Coordinator will handle calls from outside these designated regions.

Certified Nurse Aide Recruitment/Retention Project

House File 740 allocated $100,000 from the Department of Elder Affairs appropriation for a contract with an agency or organization whose primary purpose is the improvement of the nurse aide profession in order to develop strategies to reduce turnover of nurse aides in nursing facilities through additional training and support.

The goals of the project include:

- Development of a curriculum that may be replicated to provide enhanced training to certified nurse aides in areas such as dementia care, Parkinson's disease, aphasia, memory loss, and challenging behaviors.

- Development of recruitment strategies that will increase the number of certified nurse aides in nursing facilities and stabilize the nurse aide workforce of nursing facilities.

The RFP for the contract was issued August 2, 2001, and final proposals to be submitted by August 24, 2001. A notice of intent to award will be issued by September 4, 2001. The project must be completed by June 30, 2002.

Department of Human Services Nursing Facility Conversion and Long-Term Care Alternatives

In July 2000, the DHS solicited applications to convert nursing facilities to affordable assisted living and to develop other long-term care alternatives to nursing facility care. A list of all facilities receiving grant funds and the amounts awarded is included in **Attachment F**. The grants approved totaled $14.7 million. Approximately $4.1 million of the grants approved were not utilized as some facilities withdrew after the award notification.

The next applications will be issued by the end of August 2001 for grants to be funded with the FY 2002 appropriation of $20.0 million.

On July 12, 2001, the Iowa Department of Management advised legislative leadership of a notice of appropriation transfer **(Attachment G)** in behalf of the DHS for FY 2001. The largest portion of the notice was a transfer of $15.9 million from the Senior Living Trust Fund appropriated to the DHS for Nursing Facility Conversion to Medical Assistance Supplement. The estimated reversion amount in the Nursing Facility Conversion appropriation was attributable to this being a new program and that nursing facilities were being deliberate in transitioning due to changes in fees, definitions, and the need for financial assurances. The reason given for the transfer was that demand for Medical Assistance exceeds the appropriation for FY 2001 using a projection based on information available through May 2001. The two areas identified that increased expenditures were increased number of Iowans eligible and using Medicaid health care services and the costs associated with providing those services. The DHS has indicated that transfer of Nursing Facility Conversion appropriated dollars from the Senior Living Trust Fund to Medical Assistance Supplement has no affect on the Senior Living Program. The Department's commitment to a total of $80.0 million for nursing facility conversion over the four years and the availability of funds to honor that commitment are unchanged.

Nursing Facility Reimbursement

From a nursing facility reimbursement perspective, the priorities and goals of the Senior Living Trust Program include:

- Balance between institutional and non-institutional long-term care services
- Improve the quality of lives of Iowans receiving all forms of long term care services
- Improve Medicaid recipients' access to care
- Increase consumer choice
- Cost containment

Over the next two years the modified price-based case-mix reimbursement system will continue to be gradually phased in, allowing nursing facilities additional time to adapt to the new reimbursement system. Facilities will be held harmless through June 30, 2003, from any reduction of their June 30, 2001, Medicaid rate excluding the case-mix transition add-on payment.

During the first year, providers continued to receive 100 percent of their former system rate. Beginning July 1, 2001, a portion of each facility's total Medicaid rate is based on a percent of the current system rate plus a percent of the modified price-based case-mix rate. The following table illustrates how the phase-in rates are calculated:

Phase-In Period	**70th percentile system rate**	**Modified Price-Based Case-Mix Rate**
July 1, 2000 – June 30, 2001	100.00 percent	0.00 percent
July 1, 2001 - June 30, 2002	66.67 percent	33.33 percent
July 1, 2002 - June 30, 2003	33.33 percent	66.67 percent
July 1, 2003 and thereafter	0.00 percent	100.00 percent

The 70th percentile system rate used effective July 1, 2001, was the nursing facility's Medicaid rate effective on June 30, 2001, excluding the case-mix transition add-on amount, plus a 6.21% inflation factor, not to exceed $94.00 per day. The 70th percentile system rate to be used effective July 1, 2002, will be the nursing facility's Medicaid rate effective on June 30, 2001, excluding the case-mix transition add-on amount, plus an inflation allowance of 6.21%, and an additional inflation factor based on the HCFA/Skilled Nursing Facility Total Market Basket Index. However, the current system rate to be used effective July 1, 2002, shall not exceed $94.00 per day, times an inflation factor.

In no case shall the total Medicaid rate for July 1, 2001, through June 30, 2002, be less than the current system rate effective on June 30, 2001, excluding the case-mix transition add-on amount, and increased by a 6.21% inflation allowance. In no case shall the total Medicaid rate for July 1, 2002, through June 30, 2003, be less than the reimbursement rate effective on June 30, 2002, plus an inflation factor projected for the following 12 months.

Under the case-mix reimbursement system, Medicaid resident acuity levels will be determined through quarterly assessments of each nursing facility resident. The assessments then will be used to classify each resident into one of 34 Resource Utilization Groups (RUGs). Each Group is pre-assigned a case-mix index to indicate how resource intensive the resident is expected to be in comparison to residents with other Resource Utilization Group classifications.

A facility's reimbursement under the case-mix methodology is based upon the facility's average case-mix index. Through a process called normalization, a facility's direct care costs are adjusted for case-mix and added to the average administrative, overhead, and support care costs to determine the facility's normalized cost. The normalized costs for all facilities in the State are rank ordered to determine a statewide base cost. Facilities' Medicaid case-mix indices are then used to adjust the statewide base cost to provide individualized Medicaid reimbursement based upon each facility's Medicaid resident acuity.

Effective July 1, 2002, a portion of the Medicaid rates under the new case-mix system will be based on each facility's achieving certain accountability measures that will link payment to quality of care. Rules governing the framework for these measures as well as the specific criteria that will be applied are being finalized by the DHS, with the input from a subgroup of the task force that assisted in the development of the modified price-based case-mix reimbursement methodology.

BUDGET IMPACT

Iowa anticipates receiving the following federal funds before the intergovernmental transfer program is phased-out in State FY 2003:

Fiscal Year	Federal Funding
2001	$ 95,621,331
2002	112,972,000
2003	106,067,000
2004 (1st quarter)	24,580,000
Total	$ 339,240,331

Attachment H provides the DHS estimate of how the funds will be expended. The interest payments are assuming a 6.0% rate of interest. The figures in the column for FY 2001 and FY 2002 are the actual dollars appropriated by the General Assembly. The figures in columns for FY 2003, FY 2004, and FY 2005 are amounts the DHS anticipates will be appropriated by the General Assembly, based on past appropriation history. The figures in the rows indicating DEA came from the Department of Elder Affairs.

The General Assembly allocated funding as needed to continue the Senior Living Program for an unspecified period of time and allocated a maximum of $80.0 million for FY 2001 - FY 2005 to convert nursing facilities and develop long-term care alternatives. At the end of FY 2005, the DHS estimates the Trust Fund balance to be $135.9 million, as shown in **Attachment H**. There are concerns about the ongoing financial support to these programs after FY 2005. When federal funding stops, how long will the Trust Fund continue to cover the costs of the current programs and will the State be in a position to provide ongoing financial support when Trust Funds are exhausted?

STAFF CONTACT: Lisa Burk (Ext. 16765) and Sam Leto (Ext. 16764)

Sample of Using the Upper Payment Limit to Maximize Federal Funds Under Current Law

For the purposes of this example assume:
There are 1,000 nursing home beds in a state;
900 are private and 100 are county-owned;
The state Medicaid program pays $60 per day;
Medicare would pay $100 per day; and
The state has a 50% federal matching rate under Medicaid.

1) Under current regulations, the state may estimate how much Medicare would theoretically have paid for nursing home care.
(1,000 beds x $100 per day under Medicare = $100,000)

2) The state then would estimate its share.
(50% state match x $100,000 = $50,000)

3) Then the state would claim a federal matching payment on the amount.
(50% federal match x $100,000 = $50,000)

4) Then the state would pay its usual rate to private nursing homes.
(900 private beds x $60 per day = $54,000)

5) Then the state would direct all of the additional funding to the county-owned nursing homes.
($100,000 - $54,000 = $46,000)
($46,000/100 beds = $460 per day)

6) Then the state would require the county-owned nursing home to return all but the usual Medicaid payment to the state.
($60 per day x 100 beds = $6,000)
($46,000 - $6,000 = $40,000)

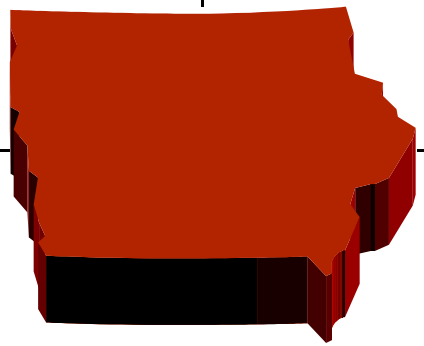
7) Then the state could keep the money (meaning the state received $50,000 of federal funds for only a $10,000 state match); use the money for other purposes; or use this money as the state matching payment to restart the process by drawing down additional federal matching with no additional state contribution.

Source: Health Care Financing Administration

ATTACHMENT B

Senior Living Trust Fund
Flow of Funds
FY 2002

State calculates its expenditure as if all nursing homes in the State are reimbursed at the higher Medicare level, claiming federal funds based on this theoretical expenditure in order to maximize federal matching funds.



State pays private nursing facilities their Medicaid rates.

State pays remaining funds to government-owned facilities, which return all but the usual Medicaid rate to the State through an Intergovernmental Transfer Agreement.

The State is able to use the money returned from government-owned nursing facilities to fund other Medicaid long-term care expenses.

Senior Living Trust Fund
HF 740

Department of Human Services (DHS)
$46,483,406

- Nursing Home Conversion Grants $20,000,000
- Medical Assistance Supplement $1,733,406
- Nursing Facility Case-Mix Reimbursement $24,750,000

Department of Elder Affairs (DEA)
$5,285,426

- Senior Living Program $4,929,626
- Dependent Adult Abuse Initiative $255,800
- Long-Term Care Direct Care Staff Retention $100,000

G/subcom/h_hr/lburk/sltfbill/sltfschart

SERVICE - Senior Living Program	1-Decorah	2-Mason City	3-Spencer	4-Sioux City	6,7-Waterloo	8-Scenic Valley	9-Davenport	10-Cedar Rapids	11-Des Moines	13-Council Bluffs	14-Creston	15-Ottumwa	16-Burlington	TOTAL	Unduplicated Clients*
Administration	$ 11,245	$ 38,606	$ 17,667	$ 13,685	$ 27,845	$ 9,689	$ 13,145	$ 25,240	$ 39,678	$ 17,940	$ 8,092	$ 16,938	$ 11,047	$ 250,817	
Technology $	$ 16,064	$ 55,152	$ 25,050	$ 19,545	$ 8,000	$ 13,829	$ 18,779	$ 17,090	$ 1,000	$ 25,628	$ 10,750	$ 24,197	$ 15,781	$ 250,865	
Personal Care		$ 45,460							$ 12,000					$ 57,460	259
Homemaker/Home Health		$ 72,240	$ 30,363					$ 17,723	$ 83,383			$ 44,815		$ 248,524	321
Chore		$ 41,206	$ 10,720		$ 9,500	$ 39,874		$ 7,500	$ 28,500	$ 15,900	$ 40,000			$ 193,200	1824
Home Del Meals		$ 15,595			$ 30,000				$ 85,700		$ 31,208		$ 15,067	$ 177,570	1576
Adult Day Care		$ 24,490	$ 24,340	$ 26,172	$ 15,912	$ 16,000	$ 8,000		$ 37,100	$ 13,520				$ 165,534	274
Case Management	$ 18,000		$ 28,000	$ 30,000				$ 21,220	$ 50,000			$ 50,000		$ 197,220	681
Congregate Meals				$ 21,500										$ 21,500	45
Assisted Transportation		$ 1,980	$ 13,859				$ 6,180		$ 15,370	$ 10,400				$ 47,789	287
Transportation		$ 47,656			$ 5,000			$ 6,800	$ 42,330		$ 25,546			$ 127,332	1846
Legal Assistance		$ 5,231		$ 4,000	$ 6,000		$ 1,704		$ 10,000	$ 1,395				$ 28,330	324
Nutrition Education		$ 3,000												$ 3,000	300
Information & Assistance		$ 33,935												$ 33,935	512
Outreach		$ 4,000			$ 10,142									$ 14,142	285
Alzheimer's Caregiver Support		$ 17,525					$ 17,930							$ 35,455	116
Respite		$ 9,644	$ 5,624		$ 13,693	$ 36,909			$ 33,805			$ 15,000		$ 114,675	401
Mental Health Outreach			$ 18,500		$ 29,050				$ 26,100					$ 73,650	221
Health Screening					$ 20,000									$ 20,000	26
Assessment & Intervention								$ 100,328						$ 100,328	284
Counseling		$ 23,395			$ 8,299			$ 5,000						$ 36,694	312
Medical Alert/Lifeline					$ 14,280	$ 18,603				$ 8,470				$ 41,353	486
Medication Management							$ 7,312							$ 7,312	150
Well Elderly Clinics		$ 21,406	$ 3,569	$ 5,250										$ 30,225	489
Preventive Health					$ 11,644									$ 11,644	60
Physician House Calls									$ 10,000					$ 10,000	45
Visiting				$ 16,000	$ 7,560									$ 23,560	26
Telephone Reassurance													$ 12,500	$ 12,500	46
Home Repair		$ 3,000	$ 42,500				$ 3,000	$ 6,250	$ 12,500				$ 20,000	$ 87,250	107
Representative Payee		$ 3,000		$ 8,200	$ 4,082			$ 8,000						$ 23,282	234
Material Aide						$ 3,385	$ 17,738	$ 25,735						$ 46,858	116
Client Directed Service/Voucher/POS	$ 115,338	$ 84,999	$ 32,189	$ 51,125	$ 176,779		$ 94,004	$ 119,686	$ 79,374	$ 163,031		$ 91,024	$ 83,422	$ 1,090,971	1104
TOTAL	$ 160,647	$ 551,620	$ 252,381	$ 195,477	$ 397,786	$ 138,289	$ 187,792	$ 360,572	$ 566,840	$ 256,284	$ 115,596	$ 241,974	$ 157,817	$ 3,582,975	

*Statewide Total - Unduplicated Clients per Service

Attachment C

Attachment D

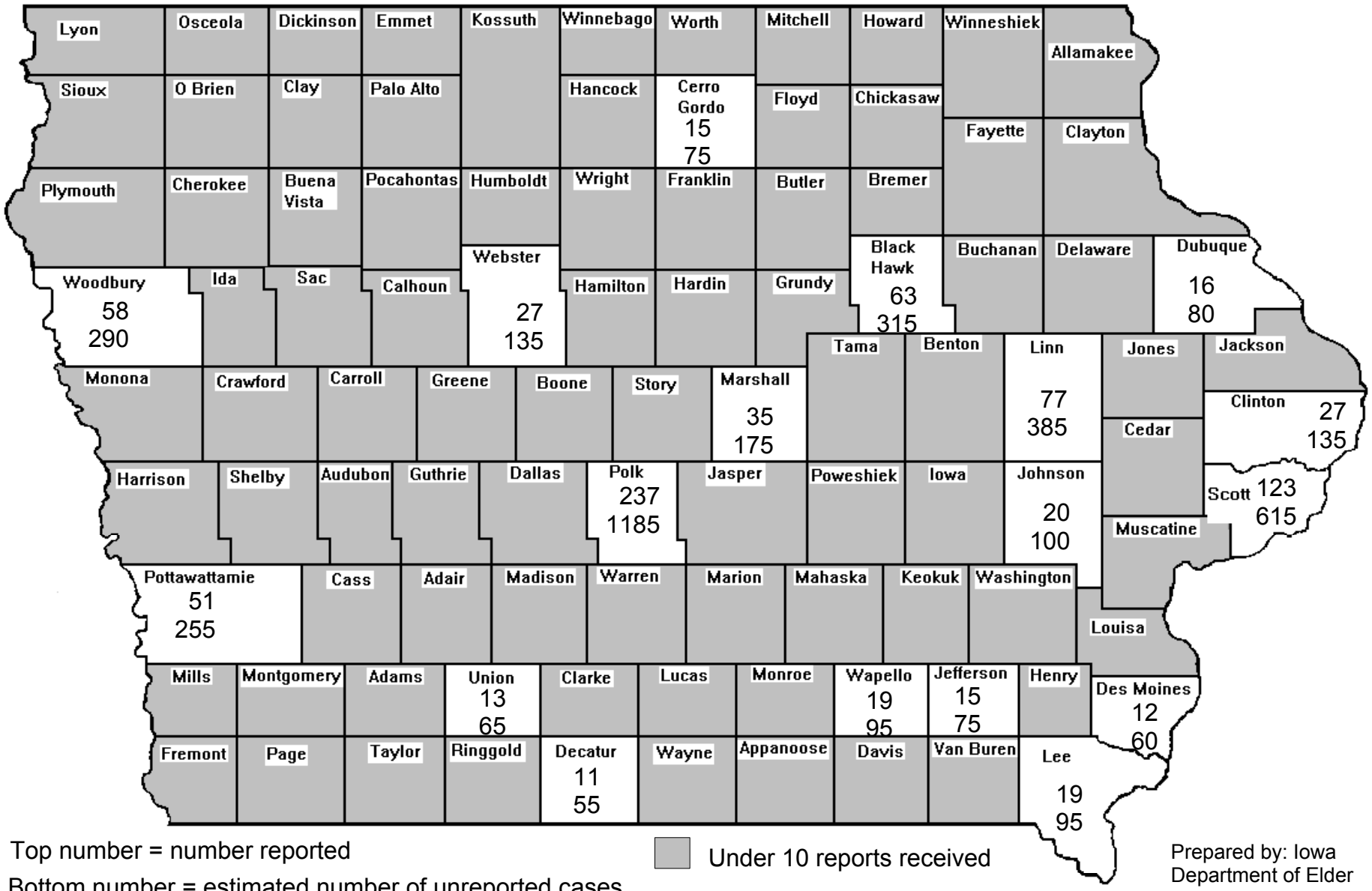
Senior Living Program - Fiscal Year 2002

Projected Units of Service

Service		Total Units
Adult Day Care	hours	32,830
Advocacy	contacts	3,500
Assessment & Intervention	hours	5,666
Assisted Transportation	one-way trips	4,688
Caregivers Support	hours	1,250
Case Management	hours	45,174
Chore	hours	14,761
Congregate Meals	meals	6,300
Counseling	hours	969
Emergency Response	months	653
Home Del Meals	meals	113,522
Home Repair	hours	1,066
Homemaker/Home Health	hours	16,323
Information & Assistance	contacts	850
Legal Assistance	hours	500
Material Aid	clients	2
Medication Management	months	340
Mental Health Outreach	1/4 hours	2,928
Nutrition Counseling	hours	240
Nutrition Education	sessions	9
Outreach	hours	523
Personal Care	hours	5,874
Preventive Health/Promotion	hours	0
Protective Payee	hours	1,318
Reassurance	hours	130
Respite	hours	9,946
Transportation	one-way trips	31,854
Visiting	visits	2,017
Voucher	hours	7,661
Well Elderly Clinics		685

ATTACHMENT E

DEPENDENT ADULT ABUSE REPORTS
July 1999 - June 2000



Top number = number reported

Bottom number = estimated number of unreported cases

Under 10 reports received

Prepared by: Iowa Department of Elder Affairs

Attachment F

Iowa Department of Human Services
NF Conversion & LTC Service Development Grant Applications

The following is the listing of the names of all the applicants submitting an application to the Department of Human Services, by September 1, 2000. All applications that meet the requirements in the RFP and the Iowa Administrative Code, that are complete and that meet the screening criteria set forth in Section 4.2 will be evaluated by the Evaluation Panel.

LTC Provider Name	City	County
Aase Haugen Homes, Inc.	Decorah	Winnesheik
Akron Care Center	Akron	Plymouth
Algona Good Samaritan Center	Algona	Kossuth
Appanose Community Care Services	Centerville	Appanose
Avera Holy Family Health	Estherville	Emmet
Bartels Lutheran Home	Waverly	Bremer
Bethany Lutheran Homes for Adult Day Care	Council Bluffs	Pottawattamie
Chautauqua Guest Home #1	Charles City	Floyd
Community Memorial Health Center	Hartley	Obrien
Concerned, Inc.	Harlan	Shelby
Correctionville Nursing and Rehab Center	Correctionville	Woodbury
Crest Haven Care Center	Creston	Union
Davenport Good Samaritan Center	Davenport	Scott
Delaware County Senior Center	Manchester	Delaware
Donnellson Health Care	Donnellson	Lee
Dumont Care Center	Dumont	Butler
Eldora Nursing and Rehab Center	Eldora	Hardin
Elkader Care Center	Elkader	Clayton
Elmwood Care Center	Onawa	Monona
Emmetsburg Care Center	Emmetsburg	Palo Alto
Estherville Good Samaritan Center	Estherville	Emmet
Forest City Good Samaritan Center	Forest City	Winnebago
Friendship Haven	Fort Dodge	Webster
George Community Good Samaritan Center	George	Lyon
Golden Age Care Center	Centerville	Appanoose
Good Shepherd, Inc.	Mason City	Cerro Gordo
Great River Care Center	McGregor	Clayton
Greenbelt Home Care (Mercy Med Ctr, Ellsworth Hosp)	Eldora	Hardin
Griswold Care Center	Griswold	Cass
Hallmark Care Center	Mt. Vernon	Linn
Heritage Care Center	Iowa Falls	Hardin
Holstein Good Samaritan Center	Holstein	Ida
Holy Spirit Retirement	Sioux City	Woodbury
Hospice of North Iowa	Mason City	Cerro Gordo
Indianola Good Samaritan Center	Indianola	Warren

September 7, 2000
Division of Medical Services

Jefferson Health Care Center	Jefferson	Greene
Madrid Home for the Aging	Madrid	Boone
Maple Crest Manor	Fayette	Fayette
Maple Heights	Mapleton	Monona
Maple Heights	Mapleton	Monona
Maplewood Manor Nursing Home	Keota	Keokuk
Montrose Health Center	Montrose	Lee
Morning Sun Care Center	Morning Sun	Louisa
Mount Ayr Health Care Center	Mount Ayr	Ringgold
Newell Good Samaritan Center	Newell	Buena Vista
Park Lane Village	Knoxville	Marion
Parkview Care Center	Fairfield	Jefferson
Parkview Manor	Wellman	Washington
Pleasant View Care Center	Whiting	Monona
Pleasant View Home	Albert City	Buena Vista
Pomeroy Care Center	Pomeroy	Calhoun
Postville Good Samaritan Center	Postville	Allamakee
Riceville Community Rest Home	Riceville	Howard
Rockwell Community Nursing Home	Rockwell	Cerro Gordo
Rose Vista Home, Inc.	Woodbine	Harrison
Ruthven Community Care Center	Ruthven	Palo Alto
Shady Oaks Care Center	Lake City	Calhoun
Shady Rest Care Center	Cascade	Dubuque
Sigourney Care Center	Sigourney	Keokuk
St. Anthony Regional Hospital & Nursing Home	Carroll	Carroll
Stonehill Adult Center	Dubuque	Dubuque
Sunrise Retirement Community	Sioux City	Woodbury
Sunrise Terrace Care Center	Winfield	Henry
Waukon Good Samaritan Center	Waukon	Allamakee
Wheatland Manor	Wheatland	Clinton
Willow Dale Center	Battle Creek	Ida
Wilton Care Center	Wilton	Muscatine

Source: Department of Human Services
September 7, 2000
Division of Medical Services

Attachment G

STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF MANAGEMENT
CYNTHIA P. EISENHAUER, DIRECTOR

DATE: July 12, 2001

TO: The Honorable Jeffrey Lamberti
The Honorable Tom Flynn
The Honorable David Millage
The Honorable Patrick Murphy
The Honorable Ken Veenstra
The Honorable Johnie Hammond
The Honorable David Heaton
The Honorable Robert Osterhaus

FROM: Randy Bauer, State Budget Director

RE: Notice of Appropriation Transfer

Please consider this notification of a request for transfer of funds under the Code of Iowa, 2001, Section 8.39, **up to** the following amounts:

GENERAL FUND

Transfer to:	Department of Human Services Medical Assistance	$4,000,000
Transfer from:	Department of Human Services Likely from: • Field Operations • General Administration • FIP • Child Support Recovery	$4,000,000

SENIOR LIVING TRUST

Transfer to:	Department of Human Services Medical Assistance Supplement	$15,900,000
Transfer from:	Department of Human Services Nursing Facility Conversion	$15,900,000

Reason:
Demand for Medical Assistance will exceed the appropriation for SFY 01. The current projection is based on information available through May. June and the +60 period during which SFY 01 service costs continue to accrue will likely affect the year-end final expenditure level. (A 1% shift in this appropriation is $4 million.)

The Department of Human Services is requesting transfer authority to a maximum amount. The final transfer will be made closer to year-end when the final amount needed is determined and surpluses in the field, child support, general administration and FIP are known. Two of these appropriations with possible surpluses depend on a year-end and a June +60 determination of cost allocation that is not final until the end of August.

See attached materials from the Department of Human Services.

The amount transferred will be only what is needed based on complete FY 01 information. Action on this transfer will not be finalized prior to July 30, 2001.

RB/hc

Attachments

cc: Governor Thomas J. Vilsack
Jessie K. Rasmussen, Department of Human Services
Dennis Prouty, Legislative Fiscal Bureau
Sue Lerdal, Legislative Fiscal Bureau
Sam Leto, Legislative Fiscal Bureau
Hugh Ceaser, Department of Management

					ATTACHMENT H			
SENIOR LIVING TRUST FUND - revised by DHS 8/01								
Estimates/Assumptions								
State Fiscal Year	FY2001	FY 2002	FY 2003	FY 2004	FY 2005			
Beginning of SFY Fund		$54,885,542	$122,077,663	$183,438,492	$161,961,266			
Intergovt Transfer	$95,621,331	$112,972,000	$106,067,000	$24,580,000	$2,000,000			
Interest	$3,442,368	$6,042,872	$8,213,208	$7,488,666	$5,902,606	assumes interest rate of6%		
Income Total	$99,063,699	$173,900,413	$236,357,871	$215,507,158	$169,863,872			
NFConversion/LTC Service Grants	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$0			
DHS Service Delivery								
Assisted Living Rent Sub	$700,000	$700,000	$700,000	$700,000	$700,000			
HCBS Elderly Waiver	$710,400	$710,000	$734,140	$759,101	$784,910	assumes 3.4% increase annually		
NF Case Mix and Price Methodology	$17,750,000	$24,750,000	$24,750,000	$24,750,000	$24,750,000	assumes increases from gen. Fund		
DHS Administration & Contracts	$829,634	$323,406	$332,192	$287,192	$282,371			
DEA Service Delivery	$3,582,975	$4,915,446	$5,904,690	$6,505,983	$6,144,263	figures from Elder Affairs		
DEA Admin. And Contract Admin.	$43,866,177	$423,898	$498,357	$543,616	$1,449,117			
Expenditure Total	$44,178,157	$51,822,750	$52,919,379	$53,545,892	$34,110,661			
Ending Trust Fund Value **	$54,885,542	$122,077,663	$183,438,492	$161,961,266	$135,753,211			
Industry Model - State Dollars		$134,670,911	$144,902,503	$156,395,370	$164,215,139			
Assumptions								
IGT rules changing effective Sept 30, 2002								
	** This amount reflects the balance as appropriated. The final figure, re: actual expenditures							
	will be available after 9/15/01.							
	NOTE: Seeking clarification from DOM on Salary Adjustment dollars.							