

STATE OF IOWA DEPARTMENT OF
Health AND **Human**
SERVICES

Medicaid Nursing Facilities Reimbursement
Methodology for Sex Offenders

2023

Executive Summary

In accordance with House File (HF) 708, and no later than January 1, 2024, the Department of Health and Human Services (HHS) shall establish and report to the governor and the general assembly a reimbursement add-on methodology under the Medicaid program for services provided by a skilled nursing facility (SNF) or nursing facility (NF) that designates a secure unit, that is separate and secure from residents with chronic confusion or a dementing illness and all other SNF and NF residents, for individuals that are required to register as sex offenders (SO) pursuant to [Iowa Code, Chapter 692](#)¹ and who meet NF level-of-care requirements. The intent of this legislation is to determine a rate to support the necessary care for individuals who are required to register as SOs and comply with all requirements pursuant to Chapter 692, and to address the health, safety, and wellbeing of the staff and residents in SNFs and NFs in Iowa.

Currently, state rules regarding post-incarceration placement of SOs allow commitment to the Civil Commitment Unit for Sex Offenders (CCUSO). In addition, there are no federal regulations specific to SOs residing in NFs or as a protected class. However, the Centers for Medicare and Medicaid Services (CMS) has an upper payment level (UPL) that will create a barrier to implementing a higher rate for a specific population. This federal regulation establishes limits on specialized rates, ensuring they do not exceed CMS standards. SOs are not a special population or a protected class.

¹ <https://www.legis.iowa.gov/docs/code/692.pdf>

The recommended add-on methodology below will require legislation and appropriations for implementation. Any new legislation will require a State Plan Amendment (SPA) submission to CMS and amendment to Iowa Administrative Code (IAC). Additionally, HHS, managed care organizations (MCOs), and providers will be required to develop a specific billing code to identify when to pay an individual who meets SO criteria pursuant to Chapter 692 and who qualifies for enhanced NF per diem.

Proposed Add-On Methodology

HHS proposes an add-on rate of \$141.55 per day in addition to the established daily per diem for the care of SOs. This amount includes the cost for additional aides, security personnel, and IT needs to ensure resident and staff safety. This add-on can be billed using a condition code to help offset additional system changes internally and for MCOs for the most cost-effective approach. Inflation from the mid-point of the prior state-fiscal year to the mid-point of the current state fiscal year using the most current published nursing home market basket prior to the beginning of the state fiscal year.

A provider will need to meet the required staffing and IT components of the proposed legislation to be compliant for the add-on rate. HHS worked with Iowa Health Care Association (IHCA) and Leading Age Iowa (LAI) to evaluate provider interest in converting an existing facility or open a new facility for SOs. At that time, there were no interested providers and the feedback reflected location, time and cost were a concern. HHS reviewed the feedback and determined a construction project such as this may qualify if all eligibility factors are met through the rebuild Iowa infrastructure fund (RIIF) appropriation or additional RIIF funding carved out for start-up funding. Either option would assist providers in establishing a designated

secure unit that is separate and secure from residents with chronic confusion or a dementing illness and all other NF and SNF residents.

ESTIMATED COST

As of the date of this report, Iowa has 6,507 individuals on the sex offender registry. There are roughly 600 Iowans on the sex offender registry that are incarcerated or in the custody of a city, county, state, or federal system. The Department of Corrections (DOC) releases on average three sex offenders from an incarcerated status per quarter. A detailed estimate fiscal impact cannot be provided because of the unknown number of current sex offenders in need of NF care or the amount that would meet the required NF level of care to qualify for Medicaid reimbursement. The reimbursement methodology will depend on the amount of funding made available. Below is an estimated annual cost based on one facility with 12 individuals meeting the criteria for the add-on.

Implementation of the bill would require programming efforts to ensure the Medicaid Management Information System (MMIS) can properly identify claims and pay at tiered rates where indicated. An amendment would be needed with the Department's MMIS Core contract. An amendment would be needed with the Department's MMIS Core contract. Estimated 1,370 additional programming hours would be needed at \$103 per hour. Total cost would be \$141,110. State share (25% FFP) would be \$35,277.50. It is assumed the state cost can be absorbed within existing appropriations.

	SFY24			SFY25		
	Total	Federal	State	Total	Federal	State
Nursing Facility Rate Add-On	620,000	396,056	223,944	620,000	397,606	222,394
Nursing Facility Capital Cost	400,000		400,000			
Medicaid Management Information System programming	141,110	105,833	35,277			
Total Impact	1,161,110	501,889	659,221	620,000	397,606	222,394

DEPARTMENT IMPACT

HHS will dedicate significant administrative resources to rate setting methodology and quarterly maintenance. This will impact the billing systems for both fee-for-service and MCO claims.

This project will require system upgrades and significant administrative resources to facilitate the updated billing process. A condition code has been identified for claims for SO residents.

The MCO cost to accommodate the claims is unknown at this time. HHS will establish a process to ensure payments are issued correctly.

HHS will continue to work with the NFs, associations, and MCOs to establish the process in State Fiscal Year (SFY) 24.