



Nursing Facilities

Quality Assurance Assessment Fee Usage Report

June 2025

I. Executive Summary

This report is submitted pursuant to Iowa Code Section 249L.4 which requires the Department of Health and Human Services to report annually to the general assembly regarding the use of monies deposited in the quality assurance assessment trust fund and appropriated to the Department.

When the sum of the quality assurance pass-through and the quality assurance add-on received by a Medicaid nursing facility is greater than what it has paid for quality assurance assessment fees (QAAF), no less than 35% of the difference must be used by the nursing facility to increase compensation and cost of employment for direct care workers and no less than 60% of the difference must be used to increase compensation and costs of employment for all nursing facility staff.

With respect to spending enforcement, while the Legislature has required the Department to collect and report the spending data, it has not provided the Department with any enforcement authority related to reporting.

II. Introduction

The 2001 Iowa Acts Ch 192, House File 740 (HF 740), directed the Iowa Department of Human Services (DHS) – now known as the Iowa Department of Health and Human Services (HHS) - to begin reimbursing nursing facilities under a modified price-based case-mix reimbursement system beginning July 1, 2001. The components of the case mix reimbursement system resulted from a series of meetings that involved nursing facilities, industry association representatives, advocacy organizations, and state agency staff. During the 2009 legislative session, the Iowa General Assembly enacted legislation that would allow for nursing facilities to be charged QAAF pending CMS approval.

As part of the legislation, additional funds, and an amount equal to the nursing facility's fee, would be paid to the nursing facilities. Determination of the fee the facility pays is based on their Medicaid resident days. The nursing facilities would be required to pay a pre-determined fee for non-Medicare resident days in the facility, unless certain conditions were met which would allow for a lesser fee to be paid on the non-Medicare days. Beginning April 1, 2023, the additional funds add-on was \$37.00 per Medicaid day and the fees were \$33.90 and \$6.51, respectively

Based on the mix of Medicaid, Medicare and other payor sources, a nursing facility may receive more Medicaid reimbursement than what is owed. In this case, the law requires that a portion of the additional money be spent on enriching employees. A total of 35% of the excess overpayment is to be used for compensation and costs of employment for certified nursing assistants. Also, a total of 60% of the excess is to be spent on compensation and costs of employment for all nursing facility staff.

Observations

The summary table below shows how facilities spent funds, regardless of whether the provider was required to spend additional funds or not. Nursing homes spend their excess funds in various ways. *Appendix A* details, by provider, the calculation of the amount of QAAF paid and received, and how the provider spent excess funds.

Description of Funds Used for Nursing Facilities	Number of Facilities Using Funds for CNAs	Percentage	Number of Facilities Using Funds for Other Employees	Percentage
Hourly wage increases	323	83.68%	100	25.91%
Bonus and other wages	112	29.02%	121	31.35%
Changes in staffing	159	41.19%	4	1.04%
Leave benefits	11	2.85%	19	4.92%
Benefits	17	4.40%	18	4.66%
Education and promotions	9	2.33%	3	0.78%
Tuition reimbursement	2	0.52%	261	67.62%
Other	262	67.88%	322	83.42%

Appendices Available Upon Request

Appendix A: Details of Submitted Forms 470-0030 Financial and Statistical Report - Enhanced Medicaid Payment Report

Appendix B: List of Providers Receiving QAAF Add-on and are not required to Submit a Medicaid Financial and Statistical Report

Appendix C: List of Providers not Reporting Receipt of QAAF funds or Spending Funds or Wages on the Enhanced Medicaid Payment Report