Nursing Facilities

Quality Assurance Assessment Fee Usage Report

June 2026

IOWA Health and Human Services

I. Executive Summary

Pursuant to 2009 Iowa Acts, Chapter 160, Senate File 476 (SF 476), an annual report shall be submitted to the general assembly regarding the use of monies deposited in the quality assurance assessment trust fund.

The Department received 391 cost reports with fiscal year ends between June 1, 2024, and May 31, 2025. 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 fee (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. Of the 391 cost reports, 372 (95.14%) reported data, see Appendix A. The remaining 19 cost reports did not report any receipt of QAAF funds or spending any of the funds on wages, see Appendix C.

Of the cost reports received with data reports, 339 of 372 (91.13%) demonstrated receiving more QAAF funds than they reported paying and are therefore required to spend funds on increases to compensation and employment costs for CNAs and all staff. There were 33 (8.87%) cost reports that reported being exempt from the spending requirements.

Of the 339 cost reports demonstrating the requirement to spend funds on compensation increases, 254 (74.93%) reported spending at least 35% of excess QAAF funds on direct care worker compensation and costs of employment during the report period. Additionally, 290 (85.55%) reported using 60% of excess QAAF funds on all nursing facility staff compensation and costs of employment.

There are eight non-Medicaid providers that pay the QAAF, but do not receive funds. There are two skilled nursing facilities, hospital-based nursing homes only providing skilled level of care, that receive the assessment add-on, but do not receive the assessment fee pass-through. These facilities are exempt from filing a Medicaid cost report or the Enhanced Payment Report. See Appendix B for the list of non-Medicaid and skilled nursing facilities.

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 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 based on their Medicaid resident days. The nursing facilities would be required to pay a fee on 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. The additional funds add-on is $37.00 per Medicaid day and the fees are $33.90 and $6.51, respectively.

Based on the mix of Medicaid, Medicare and other payor residents, 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

Form 470-4829 *Nursing Facility Enhanced Medicaid Payment Report* was incorporated into the submission of cost reports. For fiscal years ending between June 1, 2024, through May 31, 2025, 391 cost reports were submitted. Provisions exist for enacting penalties against providers who do not submit the cost report in its entirety. However, no provisions exist for penalizing providers who do not complete the enhanced payment schedule.

Of the 391 cost reports received from nursing facilities, 372 (95.14%) reported receiving QAAF funds and spending requirements on the enhanced payment report.

- There are 10 non-state government-owned nursing facilities.
    - Non-state government-owned nursing facilities receive the add-on, but do not receive the pass-through.
    - Non-state government-owned nursing facilities are not required to remit money back to the state for any of their resident days, regardless of payor.
    - Six of the non-state government-owned nursing facilities reported information on the Enhanced Payment Report, which are included in the analysis.
    - The remaining four non-state government-owned nursing facilities that did not report information are excluded in the analysis.
- There are 19 nursing facilities that did not report receiving any QAAF payments, nor any spending data and are not included in the analysis. See Appendix C.
    - Eight nursing facilities received Medicaid reimbursement but did not submit enhanced payment data on the cost report.
    - Seven nursing facilities did not report receiving any Medicaid add-on or assessment fee payments.
    - Four non-state government owned nursing facilities did not report any spending on wages on the Enhanced Payment Report.
- Seven nursing facilities reported paying and receiving the exact amount of QAAF funds, see Appendix A.
    - It is unknown if those nursing facilities met the spending requirements.

Nursing facilities that did not fill out the enhanced payment report schedule of the cost report will receive an educational notice on how to properly report information on an annual basis.

Of the 372 nursing facilities that submitted QAAF data on the cost reports, 339 nursing facilities (91.13%) reported having to meet the spending requirements.

- 254 (74.93%) of them reported spending at least 35% of excess QAAF funds on direct care worker compensation and costs of employment during the report period
- 290 (85.55%) reported they used 60% of excess QAAF funds on all nursing facility staff compensation and costs of employment.
- 33 (8.87%) nursing facilities were exempt from spending requirements, as they reported receiving an amount equal to or less than what they paid in QAAF.

The summary table below shows how the 372 facilities spent funds, regardless of whether the provider being required to spend additional funds or not. Nursing homes use their excess funds in various ways and may report spending in multiple categories in the table below. *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		277	74.46%		250	67.20%
Bonus and other wages		98	26.34%		96	25.81%
Changes in staffing		168	45.16%		152	40.86%
Leave benefits		16	4.30%		11	2.96%
Benefits		15	4.03%		16	4.30%
Education and promotions		7	1.88%		13	3.49%
Tuition reimbursement		3	0.81%		1	0.27%
Other		256	68.82%		254	68.28%

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