



Iowa Department of Human Services

Kim Reynolds
Governor

Adam Gregg
Lt. Governor

Jerry R. Foxhoven
Director

October 1, 2018

W. Charles Smithson
Secretary of Senate
State Capitol Building
LOCAL

Carmine Boal
Chief Clerk of the House
State Capitol Building
LOCAL

Dear Ms. Boal and Mr. Smithson:

Enclosed please find a copy of a report entitled, "Options for Elimination of Hospice Room and Board Pass-Through Payment to Nursing Facilities." This report is in compliance with 2018 Iowa Acts, House File 2309, which requires the Department of Human Services to explore options for elimination of room and board pass-through payments for the dually eligible Medicare and Medicaid beneficiaries receiving hospice benefits in a nursing facility.

Please feel free to contact me if you need additional information.

Sincerely,

A handwritten signature in blue ink that reads "Mikki Stier". The signature is fluid and cursive.

Mikki Stier
Deputy Director

Enclosure

cc: Kim Reynolds, Governor
Senator Mark Costello
Senator Amanda Ragan
Representative David Heaton
Representative Lisa Heddens
Legislative Service Agency
Kris Bell, Senate Democrat Caucus
Josh Bronsink, Senate Republican Caucus
Natalie Ginty, House Republican Caucus
Kelsey Thien, House Democrat Caucus

Iowa Department of Human Services



Options for Elimination of Hospice Room and Board Pass-Through Payment to Nursing Facilities

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Introduction

In 2018, the General Assembly of the State of Iowa enacted House File 2309, which requires the Department of Human Services (Department) to explore options for elimination of room and board pass-through payments for the dually eligible Medicare and Medicaid beneficiaries receiving hospice benefits in a nursing facility (NF).

“ The department of human services, after consulting with affected providers and stakeholders, shall pursue options for the payment of the nursing facility room and board expenses for a dually eligible Medicare and Medicaid member receiving the Medicare hospice benefit, to allow Medicaid managed care organizations and the department’s fee-for-service Medicaid payment system to reimburse the nursing facility directly for the room and board expenses rather than indirectly as a pass-through payment from the hospice services provider. The department of human services shall report all options identified to the chairpersons and ranking members of the joint appropriations subcommittee on health and human services, the legislative services agency, and the legislative caucus staffs on or before October 1, 2018.”

On May 15, 2018, providers, stakeholders, hospice and nursing home association representatives, and managed care organizations were invited to participate in a discussion with members from the Department regarding the options for the elimination of room and board pass-through payments. Draft documents and input was requested and incorporated into this document.

Current Process

When hospice care is provided in a NF, the hospice provider submits a claim to Medicaid (either through Fee-for-Service or managed care) for nursing home room and board for members who are dually eligible for Medicare and Medicaid. Medicaid pays the hospice provider 95% of the NF base rate. The NF base rate is the amount of reimbursement before the quality assurance assessment fee (QAAF) add-on and pass-through.

Currently, the QAAF add on is \$10 for every Medicaid day and the pass-through is either \$7.13 or \$1.36, depending on certain criteria. The NF pays the Department the amount of the QAAF pass-through for all non-Medicare days and non-hospice days, i.e. Medicaid day and private pay days. IAC 441—36.6(249L)

The NF and hospice provider enter into a contract for room and board reimbursement. Current practice for most hospice providers is to pay 100% of the NF base rate to the NF.

Hospice is a separate benefit under the state plan and not a NF benefit. As such, the QAAF is not paid by Medicaid for these days.

Data

In SFY'15 there were 455,851 hospice days in NF. Medicaid Fee-for-Service (FFS) reimbursed \$65,116,067.03 to hospice providers for room and board, an average of \$142.85 per day.

	Number of NF in Iowa	Number of Paid Days	Reimbursed Amount - assumed to be 95% of base rate
Total from SFY 2015	433	455,851	\$ 65,116,067.03

Options

Option 1:

Allow the NF to bill Medicaid directly and Medicaid pays 95% of the base rate. Do not allow the day to be subject to the NF QAAF.

Pro:	Reduces the administrative burden/cost for NFs and hospice providers as billing and payment continues to be between the NF and MCO/State Medicaid Agency.
Pro:	Easier for the MCOs to understand that the payment is for room and board.
Pro:	No additional cost for the department.
Pro:	By keeping the hospice provider out of the room and board billing/payment process, the client participation does not need to be split, thus reducing administrative burden and confusion for the Medicaid payer and the NF.
Pro:	The NF could get 95% of their payments quicker.
Cons:	Does not completely eliminate payments to NFs by hospice providers, but reduces it to only 5% rather than 100% of the base rate.
Cons:	More administratively burdensome for the NF and hospice providers. It is more difficult for these providers to track 5% of a base-rate as compared to 95%.
Financial Impact:	Budget neutral.
Action Items:	<ul style="list-style-type: none"> ● Request a waiver and have it approved by CMS. ● Change rules related to NF room and board pass-through and the QAAF pass-through.

Option 2:

Allow the NF to submit claims for room and board directly for residents receiving hospice service. Change the Medicaid payment to 100% of the base rate and allow hospice days to be subject to the NF QAAF.

Pro:	Eliminates any pass-through between the NF and hospice provider, which reduces administrative burden and expense for both providers.
Pro:	Reduces the risk of erroneous payments and promotes efficiency of accurate billing.
Pro:	Easier for the MCOs to pay the claim type because the NF will not have to worry about the QAAF or if the payment is reduced due to a hospice stay.
Pro:	By keeping the hospice provider out of the room and board billing/payment process, the client participation does not need to be split, thus reducing administrative burden and confusion for the Medicaid payer and the NF.
Con:	There is a fiscal impact to the state and federal government
Con:	MCO capitation fees will have to be adjusted.
Financial Impact:	Total dollar cost \$8.212 million, total state dollars \$2.014 million.
Action Items:	<ul style="list-style-type: none"> ● Request a waiver and have it approved by CMS. ● Change rules related to NF room and board pass-through and the QAAF pass-through. ● CMS State Plan Amendment approval.

Option 3:

Allow the NF to submit claims for room and board directly for residents receiving hospice service. Change Medicaid to pay 100% of the base rate and do not allow hospice days to be subject to the NF QAAF.

Pro:	Eliminates any pass-through between the NF and hospice provider, which reduces administrative burden and expense for both providers.
Pro:	Reduces the risk of erroneous payments and promotes efficiency of accurate billing.
Pro:	Easier for the MCOs to pay the claim type
Pro:	By keeping the hospice provider out of the room and board billing/payment process, the client participation does not need to be split, thus reducing administrative burden and confusion for the Medicaid payer and the NF.
Cons:	There is a fiscal impact to the state and federal government
Con:	MCO capitation fees will have to be adjusted.
Cons:	NF billings may inadvertently bill for regular day vs hospice day and receive QAAF in error.
Financial Impact:	Total dollar cost \$3.654 million total state dollars \$1.477 million.
Action Items:	<ul style="list-style-type: none"> ● Request a waiver and have it approved by CMS. ● Change rules related to NF room and board pass-through and the QAAF pass-through. ● CMS State Plan Amendment approval.

Option 4:

Allow the nursing facilities to bill NF room and board directly and Medicaid pays 95% of the base rate. Allow the day to be subject to the NF QAAF.

Pro:	Eliminates any pass-through between the NF and hospice provider, which reduces administrative burden and expense for both providers.
Pro:	Reduces the risk of erroneous payments and promotes efficiency of accurate billing.
Pro:	Easier for the MCOs to pay the claim type because they won't have to worry about the QAAF or if the payment is reduced due to a hospice stay.
Pro:	By keeping the hospice provider out of the room and board billing/payment process, the client participation does not need to be split, thus reducing administrative burden and confusion for the Medicaid payer and the NF.
Con:	There is a fiscal impact to the state and federal government.
Con:	MCO capitation fees will have to be adjusted.
Financial Impact:	Total dollar cost \$4.559 million, total state dollars \$536,848.
Action Items:	<ul style="list-style-type: none">● Request a waiver and have it approved by CMS.● Change rules related to NF room and board pass-through and the QAAF pass-through.● CMS State Plan Amendment approval.

Conclusion

The stakeholder group desires a change in the hospice pass-through process. The general consensus was to allow for nursing facilities to bill for the NF room and board charges for hospice-enrolled residents. There was not agreement among the stakeholders as to which option should be recommended.

There are a number of factors to be considered and thoroughly vetted before proceeding with elimination of the hospice pass-through. All four options require approval from CMS and state administrative rule changes. In addition, the application of QAAF to hospice days needs to be determined. Three of the four options have a fiscal impact to the Department. Option 1 is budget neutral to the Department.

In order for Centers for Medicare and Medicare Services (CMS) to consider approval of the elimination of the pass-through, legislation is required to direct the Department to pay nursing facilities instead of the hospice provider the room and board. If the elimination of pass-through is approved by CMS, the earliest implementation date would be January 1, 2020, for any of the options.

The Department submits this report for your consideration.