

Human Services Appropriations Sub-Committee Meeting

Thursday, February 1, 2001

Iowa Health Care Association

and Iowa Council for Health Care Centers

Comments on

Iowa Department of Human Services Recommendations

for the

New Medicaid Case Mix Reimbursement System

for Long Term Care Facilities

Iowa Health Care Association and Iowa Council for Health Care Centers:

- Represent 85% of Iowa's Skilled and Nursing Facilities
- Represent 136 of the 200 Non-profits
- Represent 235 For-profits
- Provide Quality of Care to 34,000 of Iowa's Elderly
- Care for 12,500 of 14,000 Medicaid Residents in partnership with the State of Iowa
- Employ Over 30,000 Full/Part-Time Workers
- Represent Some of the Largest Rural Iowa Employers

Comments on DHS's Proposed Medicaid Case Mix Reimbursement System

Comparison of DHS Proposal and Associations' Recommendations

DHS Proposal	Trade Associations Comments
➤ Price Based	➤ Price Based
➤ 3 Year Phase-In	➤ 3 Year Phase-In
➤ 100% Of Median	➤ 104% Of Median
➤ No Hold Harmless	➤ 2 Year Hold Harmless
➤ \$130,696,057	➤ \$137,123,568
➤ 3% Inflation Factor	➤ HCFA SNF Inflation Index
➤ Rebasing in 2002 and every 3 rd year	➤ Rebasing in 2002 & 2003 and every 2 nd year
➤ Geographic Wage Index 10%	➤ Geographic Wage Index 16.25%
➤ Accountability Funded at 29 cents	➤ Accountability Funded at 50 cents
	➤ Penalties For Lower Direct Care Spending

2002 Funding Level Recommendations

<u>DHS Recommendation</u>	<u>Governor's Recommendation</u>	<u>Industry Recommendation</u>
\$135.5 Million*	\$133.5 Million*	\$137.13 Million*

2001 Budget

\$113.00 Million From General Fund
\$ 17.75 Million From Senior Living Trust Fund
\$130.75 Million*

2002 Governor's Recommendation

\$112.75 Million From General Fund
\$ 20.75 Million From Senior Living
\$133.50 Million*

*Does not include DHS's other budgeted NF line items: VA Hospital, Clarinda, etc.

The following table demonstrates the primary differences between the DHS Funding Proposal (as set forth in the SFY 2002 Budget introduced by the Governor's Office) and the Proposal that was developed and promoted during the Reimbursement Task Force meetings. In addition, the Rules published by DHS call for variations in implementation that were not discussed during Task Force meetings. The implementation of these rules will result in significant reductions to rates paid to providers due to timing of rate adjustments and other inflation limiters.

**Iowa Health Care Association
and Iowa Council For Health Care Centers
Nursing Facilities Funding Proposals**

	IHCA Proposal	DHS Budget	Difference
Projected Funding Level (State Share Only)	\$ 137,123,568	\$ 130,696,057	\$ (6,427,511)
Price Based Median	104.00%	100.00%	-4.00%
Median Price In Proposal	\$ 91.65	\$ 86.09	\$ (5.56)
Geographic Wage Index	16.25%	10.00%	-6.25%
Funding For Geographic Wage Index (State Share Only)	\$ 3,112,361	\$ 1,870,803	\$ (1,241,558)
<i>Comment - The DHS budget makes no provision for the "Hold Harmless" policy that has been a primary principle included in all discussions during the entire development process. IHCA and other industry groups have stated that any proposal absent of an adequate transition period of at least 2 years would be virtually impossible to accept. Any funding proposal based upon DHS projections will require additional funding for the Hold Harmless Policy.</i>			
Number of Providers with Rate Decreases	24	89	65
Funding Required For Hold Harmless	\$ 89,182	\$ 276,911	\$ 187,729
Accountability Measures	\$ 3.00	3%	
Funding Required For Accountability Measures	\$ 3,683,609	\$ 2,154,841	\$ (1,528,768)