

Statement

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**Health and Human Services Appropriations Subcommittee
Tuesday, February 17, 2008
Des Moines, IA**

Since 1964, The Iowa Association of Homes and Services for the Aging (IAHSA) has represented not-for-profit nursing homes, retirement communities, hospital long-term care, assisted living programs, residential care communities, and senior housing and community services providers throughout the state. IAHSA's 142 members spring from diverse heritage of religious, civil, and fraternal organizations. Together they serve over 30,000 Iowans and their families.

**Funding Medicaid Nursing Facility Payments in
SFY 2009 and 2010**

Modified Price-Based Case-Mix Reimbursement System

In 2001 the Iowa Senior Living Program Act, was passed directing the Department of Human Services to implement a modified price-based case-mix reimbursement methodology for Iowa's nursing facilities and skilled nursing facilities beginning July 1, 2001.

A three-year phase-in was to occur. However the law has been modified several times and a cap has been placed on the nursing facility line-item in the budget. IAHSA supports continuation of the case-mix reimbursement methodology for nursing facilities.

The nursing facility case-mix reimbursement system includes a provision to rebase the nursing facility Medicaid rates using the most current cost report data every other year. The rebase is set to occur in State Fiscal Year 2010 for nursing facility Medicaid rates effective July 1, 2009.

Goals

SFY 2009

- Avoid the 1.5% cut

SFY 2010

- Avoid continuation of 1.5% cut from SFY 2009
- Avoid the 6.5% cut
- Rebasing

The across the board increase in FMAP in Economic Stimulus Package will generate enough money to avoid the 1.5% cut for SFY 2009 continued to SFY 2010, the 6.5% cut and to rebase nursing facilities for SFY 2010.

Federal Medical Assistance Percentages (FMAP) are the percentage rates used to determine the amount of matching funds that are allocated annually to certain medical and social service programs. FMAP eligible programs are joint federal-state partnerships between the federal government and state governments, which are administered by the states.

The increased FMAP in the Economic Stimulus for 27 Months Beginning 10/1/08 – 12/21/2010

- End of SFY 2009 (9 Months)
- SFY 2010 (7/1/09 – 6/30/2010)
- SFY 2011 (6 Months) (7/1/2010-12/31/2010)

If the State of Iowa Funded at the SFY 2009 Cap the increase in federal matching rate would generate around an additional \$108 Million per year in for the nursing facility component of Medicaid. This additional money is more than enough to cover the potential cuts and rebasing.

For SFY 2010 federal money can be “substituted” for state money in order to avoid cutting nursing facility Medicaid rates and allow for rebasing.

Previously, funding for nursing facilities has included language stating increased FMAP was excluded from payments.

Language should be adopted allowing nursing facilities to receive the enhanced federal financial participation (FMAP) that becomes available under the under the Stimulus bill to Iowa Medicaid.

IAHSA respectfully request that you honor the agreement in the 2001 Acts, Chapter 192, Section 4 and allow the substitution of federal funds for state funds necessary to meet the State of Iowa's obligation to Medicaid-eligible seniors receiving long-term care in case-mix funded nursing facilities for SFY 2009 and SFY 2010.

IAHSA members continue to work on their budgets day by day and are looking at the Medicaid budget one year at a time. We will continue to help the DHS and the legislature to help address the Medicaid budget and we are very interested in helping the State of Iowa to find solutions.

HSB 147 AND SSB 1179, Quality Assurance Assessment

1. Provider taxes are bad public policy by any name. Medicaid obligations should not be met by taxing individuals who are already paying for their own care and for the care of Medicaid residents through cross-subsidization of the Medicaid Rates.
2. The Iowa Cares Program should not be jeopardized.
3. The Federal Economic Stimulus Package provides an increase in the Federal Matching Rate therefore; the Stimulus Package will get us through SFY 2009 and SFY 2010. We need your commitment to give providers the increased FMAP provided under the Federal Economic Stimulus Package.
4. Next year, it is in Iowa's best interest to keep the door open and not deal away the possibility of a provider tax in the renegotiation of The IowaCares Act (Iowa Section 1115 Medicaid Demonstration Project No. 11-W-00189/7) with CMS.
5. If Iowa Proceeds this year with the Quality Assurance Assessment, it needs to:
 - Look at the distribution of the payback, the payback system needs to be transparent and accountable.
 - Re-evaluate the current nursing facility system formula.
 - Provide that at least 50% of the new money goes to all employees and staff including direct care workers, dietary, activity, maintenance and others who provide quality of life for the residents.
 - Provide recognition for capital improvements needed for Iowa's aging infrastructure.

Accountability Measures

A portion of the nursing facility Medicaid rates under the modified-price case-mix reimbursement system is based on a facility's achievement of certain accountability measures. There are ten (10) measures. Each measure is designed to be an "objective" and "measurable" nursing facility characteristic that indicates quality care, efficiency or a commitment to care for special populations. Each single measure does not ensure a "good facility," but a nursing facility's achievement of multiple measures suggests quality is an essential component of the facility's operation.

Senate File 2425 created a workgroup to redesign the accountability measures. The charge is to refocus reimbursement on quality, encourage compliance with the Centers for Medicare/Medicaid quality indicators and survey process and to do so in a format that continues to be measurable. IAHSa is a member of this workgroup and the proposed changes and report is a work in progress.

Iowa has been a leader in performance-based Medicaid Reimbursement for nursing home care. Iowa is a model for other states. We respectfully request that you follow the recommended changes of the Accountability Measures workgroup convened because of SF 2425. It would be a disservice to Iowa and Iowa's frail elderly to eliminate the one performance based funding system that is linked to quality of care in Iowa's nursing homes.