



Department of  
**HUMAN SERVICES**

***Nursing Facilities  
Quality Assurance Assessment Fee  
Usage Report***

**July 2020**

## Executive Summary

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

380 of 425 (89.41%) providers submitted reports. 45 reporting providers were exempt from spending requirements. 76.72% of providers having spending requirements spent at least 35% of excess funds on direct care worker compensation and costs of employment during the report period. 62.22% providers without spending requirements reported spending funds on direct care worker compensation. 89.85% of providers required to spend 60% of excess funds on all nursing facility staff compensation and costs of employment did so. 62.22% providers without spending requirements reported spending funds on all nursing facility staff compensation.

## Introduction

The 2001 Iowa Acts House File 740 (HF 740) directed the Iowa Department of Human Services (DHS) 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 providers, industry association representatives, advocacy organizations, and state agency staff.

As a condition of IowaCare legislation and negotiations with the Centers for Medicare and Medicaid Services (CMS), Iowa made concession to not enact any new fees charged to health care providers for the purpose of drawing additional federal matching funds. When the waiver for IowaCare was renewed during 2008 this concession was omitted. As such, during the 2009 legislative session, the Iowa General Assembly enacted legislation that would allow for nursing facilities to be charged quality assurance assessment fee pending CMS approval.

As part of the legislation, additional funds of \$10.00 and an amount equal to the provider's fee would be paid to the providers based on their Medicaid resident days. The facilities would be required to pay a fee of \$7.13 for every non-Medicare resident day in the facility, unless certain conditions were met which would allow for a fee of \$1.36 per non-Medicare day.

Based on the mix of Medicaid, Medicare and other payor residents, a facility may receive more Medicaid reimbursement than what is owed. In this occurrence, the law requires that a portion of the additional monies be spent on enriching employees. Thirty five percent (35%) of the excess in what was received over paid is to be used for compensation and costs of employment for certified nursing assistants. Also, a total of sixty percent (60%) of the excess is to be spent on compensation and costs of employment for all nursing facility staff.

## Observations

Nursing Facilities were required to send in Form 470-4829 *Nursing Facility Enhanced Medicaid Payment Report*. For fiscal years ending between June 1, 2018, through May 31, 2019, it was expected that 425 forms would have been submitted; however, only 380 (89.41%) were received. There are no provisions for enacting penalties against provider’s who do not submit the form.

Of the 380 forms that were received, 45 (11.84%) facilities paid more in quality assurance assessment fee than they received, and were exempt from spending any excess. Of the remaining 335 facilities:

- 335 (88.16%) met the criteria to spend at least thirty five percent (35%) of the excess in what was received over paid in compensation and costs of employment for certified nursing assistants.
- 28 of 45 (62.22%) exempt facilities that paid more in quality assurance assessment fee they received demonstrated they spent at least thirty five percent (35%) of the excess in what was received over paid in compensation and costs of employment for certified nursing assistants.
- 335 (88.16%) met the criteria to spend at least sixty percent (60%) of the excess in what was received over paid in compensation and costs of employment for all nursing facility staff.
- 28 of 45 (62.22%) exempt facilities that paid more in quality assurance assessment fee they received demonstrated they spent at least sixty percent (60%) of the excess in what was received over paid in compensation and costs of employment for all nursing facility staff.

The summary table below summarizes how facilities spent the excess funds. Nursing homes spent their excess funds in various ways. *Appendix A* details, by provider, the calculation of the amount of quality assurance fees paid and received, and how the provider reported the excess funds were spent.

Description of Excess Fund Use For Remaining 346 Nursing Facilities	Number of Facilities Using Excess Funds for CNAs	Percentage	Number of Facilities Using Excess Funds For Nursing Staff	Percentage
Hourly wage increases	258	77.01%	250	74.63%
Bonus and other wages	76	22.69%	74	22.09%
Changes in staffing	133	39.70%	139	41.49%
Leave benefits	3	0.90%	2	0.60%

<b>Description of Excess Fund Use For Remaining 346 Nursing Facilities</b>	<b>Number of Facilities Using Excess Funds for CNAs</b>	<b>Percentage</b>	<b>Number of Facilities Using Excess Funds For Nursing Staff</b>	<b>Percentage</b>
Benefits	65	19.40%	61	18.21%
Education and promotions	13	3.88	11	3.28%
Tuition reimbursement	6	1.79%	2	0.60%
Other	199	59.40	196	58.51%

## Appendices

Appendix A: Details of Submitted Forms 470-4829 *Nursing Facility Enhanced Medicaid Payment Report*

Appendix B: 2009 Iowa Acts Senate File 476