



Department of
HUMAN SERVICES

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

July, 2021

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.

Beginning with cost reports submitted in 2019, the enhanced Medicaid Payment Report was incorporated into the cost report submission. 58% of reporting providers were exempt from spending requirements. 75.13% 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. 77.59% of providers without spending requirements reported spending funds on direct care worker compensation. 84.76% of providers required to spend 60% of excess funds on all nursing facility staff compensation and costs of employment did so. 77.59% of 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 the 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 \$15.00 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 \$12.75 for every non-Medicare resident day in the facility, unless certain conditions were met which would allow for a fee of \$2.45 per non-Medicare day.

Based on the mix of Medicaid, Medicare and other payer sources of 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

Form 470-4829 *Nursing Facility Enhanced Medicaid Payment Report* was incorporated into the submission of cost reports. For fiscal years ending between June 1, 2019 through May 31, 2020, 432 cost reports were submitted. There are provisions for enacting penalties against provider's who do not submit the cost report in its entirety. However, there are no provisions for penalties for providers who do not fill out the enhanced payment schedule.

Of the 432 forms that were received, 58 (13.43%) facilities paid more in quality assurance assessment fee than they received and were exempt from spending any excess. 374 facilities (86.57%) 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 and 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	324	86.63%	305	81.55%
Bonus and other wages	83	22.19%	85	22.73%
Changes in staffing	129	34.49%	151	40.37%
Leave benefits	3	0.80%	4	1.07%
Benefits	17	4.55%	18	4.81%
Education and promotions	15	4.01%	13	3.48%
Tuition reimbursement	5	1.34%	1	0.27%
Other	264	70.59%	257	68.72%

Appendices

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

Appendix B: 2009 Iowa Acts Senate File 476