



Department of
HUMAN SERVICES

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

July, 2022

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.

422 reports were received with fiscal year ends between June 1, 2020 and May 31, 2021. When the sum of the quality assurance pass-through and the quality assurance add-on received by a Medicaid nursing facility is greater than what it has paid for quality assurance assessment fee (QAAF), no less than 35% of the difference must be used by the nursing facility to increase compensation and cost of employment for direct care workers and no less than 60% of the difference must be used to increase compensation and costs of employment for all nursing facility staff. 379 of the 422 providers were required to spend funds on increases to compensation and employment costs for CNAs and all staff, 43 of the 422 providers were exempt from the spending requirements. 311 of the 379 (82.06%) reported they used 35% of excess QAAF funds on direct care worker compensation and costs of employment during the report period. 342 of the 379 (90.24%) providers reported they used 60% of excess QAAF funds on all nursing facility staff compensation and costs of employment, did.

There are twelve non-Medicaid providers that pay the quality assurance fees, but do not receive funds. They are exempt from filing a cost report or the enhanced Medicaid Payment Report. As they do not receive and Medicaid funds they are exempt from any spending requirements. Six providers received Medicaid reimbursement but did not submit enhanced payment data on the appropriate schedule. Those providers are receiving notice that they need to report information on an annual basis.

With respect to spending enforcement, while the legislature has required the Department to collect and report the spending data, it has not provided the Department with any enforcement authority.

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 \$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 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

Form 470-4829 *Nursing Facility Enhanced Medicaid Payment Report* was incorporated into the submission of cost reports. For fiscal years ending between June 1, 2020 through May 31, 2021, 422 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 422 forms that were received, 379 facilities (89.81%) 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. 43 (10.19%) facilities paid more in quality assurance assessment fee than they received, and were exempt from spending any excess.

The summary table below shows how the 422 facilities spent funds, regardless if the provider was required to spend additional funds or not. 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 Funds Used For Nursing Facilities	Number of Facilities Using Funds for CNAs	Percentage	Number of Facilities Using Funds For Nursing Staff	Percentage
Hourly wage increases	339	80.33%	309	73.22%

Description of Funds Used For Nursing Facilities	Number of Facilities Using Funds for CNAs	Percentage	Number of Facilities Using Funds For Nursing Staff	Percentage
Bonus and other wages	100	23.70%	99	23.46%
Changes in staffing	166	39.34%	190	45.02%
Leave benefits	6	1.42%	7	1.66%
Benefits	17	4.03%	20	4.74%
Education and promotions	10	2.37%	7	1.66%
Tuition reimbursement	4	0.95%	2	0.47%
Other	254	60.19%	255	60.43%

Appendices

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

Appendix B: 2009 Iowa Acts Senate File 476