



Nursing Facilities

Quality Assurance Assessment Fee Usage Report

July 2024

I. 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.

The Department received 411 cost reports with fiscal year ends between June 1, 2022, and May 31, 2023. 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. Of the cost reports received by providers, 363 of 411 were required to spend funds on increases to compensation and employment costs for Certified Nurse Aids (CNAs) and all staff. A few providers (48) were exempt from the spending requirements.

Of the 363 providers required to spend on compensation increases, 331 (91.18%) of them reported 35% of excess QAAF funds were spent on direct care worker compensation and costs of employment during the report period. Of the same group of 363 providers, 344 (94.77%) reported they used 60% of excess QAAF funds on all nursing facility staff compensation and costs of employment.

There are ten non-Medicaid providers that pay the QAAF, but do not receive funds. They are exempt from filing a cost report or the enhanced Medicaid Payment Report. As they do not receive any Medicaid funds, they are exempt from the spending requirements. Three 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.

II. Introduction

The 2001 Iowa Acts House File 740 (HF 740) directed the Iowa Department of Human Services (DHS) – now known as the Iowa Department of Health and Human Services (HHS) - 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 QAAF 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. Beginning April 1, 2023, the additional funds changed to a \$37.00 add-on and the fees were \$33.90 and \$6.51, respectively. As this report covers cost reports for payments that were made prior to the change, the new QAAF structure is not covered.

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 overpayment 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, 2022, through May 31, 2023, 411 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 complete the enhanced payment schedule.

Of the 411 reports that were received, 363 facilities (88.32%) met the criteria to spend at least thirty five percent (35%) of the excess received in overpayment on compensation and costs of employment for CNAs. Additionally, at least sixty percent (60%) of the excess received in overpayment was used on compensation and costs of employment for all nursing facility staff. Some facilities paid more in QAAF than they received and therefore, were exempt from spending any excess. There were 48 (11.68%) exempt facilities.

The summary table below shows how the 411 facilities spent funds, regardless of the provider being 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 QAAF paid and received, and a reporting of how the provider spent excess funds.

| Description of Funds Used for Nursing Facilities | Number of Facilities Using Funds for CNAs | Percentage | Number of Facilities Using Funds for Other Employees | Percentage |
|--|---|------------|--|------------|
| Hourly wage increases | 359 | 87.35% | 330 | 80.29% |
| Bonus and other wages | 100 | 24.33% | 104 | 25.30% |
| Changes in staffing | 98 | 23.84% | 76 | 18.49% |
| Leave benefits | 3 | 0.73% | 6 | 1.46% |

| Description of Funds Used for Nursing Facilities | Number of Facilities Using Funds for CNAs | Percentage | Number of Facilities Using Funds for Other Employees | Percentage |
|---|--|-------------------|---|-------------------|
| Benefits | 7 | 1.70% | 11 | 2.68% |
| Education and promotions | 9 | 2.19% | 9 | 2.19% |
| Tuition reimbursement | 2 | 0.49% | 2 | 0.49% |
| Other | 273 | 66.42% | 268 | 65.21% |

Appendices

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

Appendix B: 2009 Iowa Acts Senate File 476