

# Iowa Alliance in Home Care Medicaid Fee Schedule Position

The Iowa Alliance in Home Care (IAHC) is an Iowa 501(c)(6) non-profit trade association. IAHC represents more than 80% of Medicare-certified Home Health Agencies, and other providers of in-home services, throughout the state of Iowa. The following comments represent IAHC's position with respect to the change in Medicaid reimbursement methodology for Home Health Agency services.

## Iowa Home Health Provider Impact Overview

1. **100% Medicaid Agencies** – Unlike some agencies that can offset low Medicaid reimbursements from other payment sources this is not an option for those agencies that exclusively treat a Medicaid population. Further compounding this scenario is the fact that Medicaid is a larger component of agency payer mix compared with demographically comparable states.

Additionally, Iowa has some providers that are the sole provider in their area of key services to persons with physical and mental disabilities. Historically, these individuals would have been institutionalized due to their disabilities. Access to these services by Medicaid recipients, as well as these cost-effective solutions for IME, is placed in jeopardy by the current proposed fees.

2. **Public Health Agencies** – County Public Health based providers are typically faced with unique challenges. These include demographics and county budgets. Historically, Medicaid payment shortfalls may have been at least partially covered through subsidy from the county. This option is increasingly unlikely due to budget shortfalls, some significant, at the county level.
3. **Private Non-Profit Agencies** – Private non-profit home care providers have historically utilized other payment sources such as United Way contributions to alleviate Medicaid shortfalls. This option is also unlikely in the future due to significant decreases in funding from outside sources such as United Ways.
4. **Freestanding Proprietary Agencies** – The fastest growing segment of the Iowa home care provider community is for-profit home health agencies. Today, proprietary agencies comprise approximately 30% of the providers of in-home, skilled services in the state of Iowa. In particular, an increasingly common scenario is county public health department based home health agencies decertifying their Medicare-certified operation with a proprietary agency filling the void. Insufficient Medicaid funding places these agencies at greater risk of financial failure, which in turn impacts access, as they don't have other back-up income sources (i.e. county budget).

## IAHC Fee Schedule Recommendations

### 1. Fee Schedule Basis

- a. **LUPA-based Payment** – Basing Medicaid reimbursement on the current federal Medicare LUPA amount is reasonable since it is calculated to cover recognized costs per visit. As a result, anything less than 100% of LUPA is insufficient payment.

Any discount by Medicaid, compounded by any geographic wage adjustment, clearly results in payment amounts unacceptable by any Iowa Home Health Agency provider. This is especially true as this level of payment is significantly below the actual cost of delivering the service. As a result, IAHC supports the LUPA basis for payment but only at the 100% level.

- b. **Statewide Rates (i.e. No Geographic Wage Index Adjustment)** – With Iowa’s demographics and agencies’ broad service territories there is no need to account for wage variations in the fee schedule formula. Home Health Agencies directly compete with all other health care providers (i.e. hospitals, nursing facilities) for skilled nursing resources that transcend urban-rural boundaries.

2. **Annual Fee Schedule Updates** – IAHC fully supports the “annual” updating of the fee schedule (i.e. inflation adjustment) in accordance with the annual Home Health Market Basket Index (HHMBI) published by the Centers for Medicare and Medicaid (CMS). We understand that actual payment of the inflation-adjusted fees is contingent on approved funding by the Iowa Legislature. However, we want to ensure that IME places full emphasis on this inflation-adjustment in all planning, budgeting and reporting activities with the Iowa Legislature. Further, any federal legislative or administrative reduction or elimination of the HHMBI in a given year should be completely irrelevant for state Medicaid application.