

## **EDITORIALLY SPEAKING**

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### *MEDICAID UPDATE/ROTUNDA REPORT*

#### **Iowa Medicaid Enterprise (IME)**

The move of the DHS Medical Assistance staff out of the Hoover Building, along with the 9 IME fiscal intermediary contractors into an office building at 100 Army Post Road, Des Moines has been accomplished. The process now being undertaken is transferring the ACS/Consultec Medicaid information to the new location, both paperwork and computer files. Development of the new Medicaid provider software continues but no conversion date has yet been established. The IAHC office was advised that so far the transition is "on schedule" and it is anticipated that the June 30, 2005 transition date will be met.

#### **Medicaid Prospective Payment System**

The IAHC office has been advised by DHS and Meyers & Stauffer that they concur with IAHC that the Medicare cost data collected by ACS/Consultec does not accurately reflect the cost of doing Medicaid home care business in Iowa and, as result there of, DHS is recommending to the Iowa Legislature that the Medicaid prospective payment system implementation date be delayed to at least July 1, 2006. This request will be included in the intent language of the DHS appropriations bill which the Legislature is not expected to act upon until mid to late April. The conventional wisdom is that since this delay will neither cost or save money, the legislature will concur with the DHS request. However, in the legislative process, nothing is certain until the votes are counted.

This delay is regrettable, but understandable. The IME Project and the Medicaid Crisis Intervention Team legislation consumed enormous amounts of DHS staff time and a number of projects, including home care reimbursement, were put on the DHS

back burner. IAHC suggested 2 years ago, if the prospective payment system was to be cost related, that there needed to be developed a separate, free-standing Medicaid home care cost report, cost data collected, and that current, accurate cost data be used in developing the prospective payment system. DHS and Meyers & Stauffer do not intend to address the cost report issue until some time after July 1, 2005.

### **Medicaid Funding**

The Governor and Republican leaders in the legislature have a difference of opinion as to how Medicaid should be funded for FY2005-06. The Governor has proposed an 80¢ per pack increase in the tobacco tax, along with increases in other tobacco product taxes and the Democrats have introduced a bill to increase the tax to \$1. Republican leadership believes that state revenue will be strong enough to pay for additional Medicaid costs and, if not, Medicaid programs should be cut in order to fit into the revenue available. IAHC, 2 years ago, joined a consortium lead by the American Cancer Society called the Iowa Health Initiative to support an increase in the tobacco products taxes, with the revenues directed to the Medicaid program. This is essentially the Governor's and Democratic leadership's position. What we will see for the next 30-45 days is political positioning between the respective parties to decide how best to fund Medicaid. It is entirely possible the legislature may adjourn and reconvene in late June to finalize the budget based on the latest revenue estimates from the Revenue Estimating Council.

### **Legislation**

Following is introduced legislation that IAHC is monitoring:

#### *House Files*

#### **HF 12**

A bill for an act relating to the reimbursement for services provided under a medical assistance home and community-based services waiver for the elderly. (Human Resources)

**HF 22**

A bill for an act relating to establishing standardized requirements for long-term care insurance policies. (Commerce)

**HF 120 GUARDIANS AND CONSERVATORS (Smith)**

Creates the state Office of Substitute Decision Maker within the Department of Elder Affairs with local office by July 1, 2015. Specifies the duties of the office, the decision maker, and local offices. Has other related provisions. (Human Resources)

**HF 140 SENIOR LIVING TRUST (Hauser & Swaim)**

Strikes the end of the limitation period (June 30, 2005) for the DHS to use the money appropriated for the conversion of nursing facilities to long term care alternatives. Requires that money in the Senior Living Trust fund be used only for the purposes specified in the Code until the fund has more than \$200 million. See SF 29 (Human Resources)

**SF 16 ELDERLY CARE REIMBURSEMENT RATE (Kreiman)**

Requires an annual July 1 recalculation of the reimbursement rate for Medicaid providers under home and community-based services waiver for the elderly. (Human Resources); Companion to HF 12

**SF 19 LONG TERM CARE INSURANCE (Kreiman)**

Directs the Insurance Commissioner to set standards related to terms and benefits for long-term care insurance policies. (Commerce) Companion to HF 22

**SF 29 LONG TERM CARE ALTERNATIVES (Krieman)**

Strikes the end of the limitation period (June 30, 2005) for the DHS to use the money appropriated for the conversion of nursing facilities to long term care alternatives. Requires that money in the Senior Living Trust fund be used only for the purposes specified in the Code until the fund has more than \$200 million. (Appropriations)

**SF 109 LONG TERM CARE INCENTIVES (Wieck, et al.)**

Creates Iowa Long-Term Care Asset Disregard Incentive Program to provide incentives for individuals to insure against the costs for long-term care needs. Requires the Insurance Division, Department of Commerce in cooperation with DHS to administer the program and ensure the necessary Medicare-Medicaid waiver is maintained. Requires participating insurers to provide both facility and non-facility coverage or if it offers both types of coverage it may offer a facility only policy. Allows an individual who purchases a policy a dollar for dollar increase an individual may retain. Contains directive for the Insurance Division and DHS. Appropriates from the General Fund \$300,000 to the Insurance Division to create an associated education program.

**SF 112 MEDICARE TASK FORCE (Bolkcom)**

Directs the DHS to convene a Task Force implementing the Medicare drug benefit created under Medicare Prescription Drug Improvement and Modernization Act of 2003. Makes Directors of DHS, DPH, and Elder Affairs members of task force along with four members from the General Assembly and two general public members representing older Iowans. Appropriates from the General Fund \$5.5 million to DHS to be used for state administration of the Medicare Part D for the low-income subsidy under the program and employee positions. Effective upon enactment.

**SF 143/159 Pre Admission Screening System (Human Resources)**

Creates a consumer choice, education and support program in the DHS to help older Iowans about finding resources about long-term care needs decisions. Requires that the program include a test for identifying a person's functional and cognitive support. Requires that all persons entering a nursing home and the elderly waiver first go through a screening process before admission to the nursing home or waiver. Makes the process available to persons over 60 and to persons under 60 with long-term care needs at no charge. If found beneficial, would be phased into the other waivers. Ragan & Seymour (C), Bolkcom, Tinsman