



Iowa Health Care Association
Iowa Center for Assisted Living
Iowa Center for Home Care

Quality Assurance Assessment Fee 2019 Update

Iowa Health Care Association

April 5, 2019

OVERVIEW

The Quality Assurance Assessment Fee (QAAF) program has been in effect since April 1, 2010. The program is designed as a mechanism to generate new funding and distribute the increases in funding to providers that deliver services to Medicaid beneficiaries. There were changes to the program in 2012 and 2015 surrounding the waiver classes, the amounts providers pay in and the amounts of return fees. Effective July 1, 2019 there will be further changes to the program.

The system starts with all nursing facility (NF) licensed providers being required to pay in a per patient day fee for non-Medicare patient days. This has been extended to include hospice patients and Medicare Advantage patients (Part C/HMO). Providers are categorized into groups to determine the amount of the fee the provider must pay. The design includes “waiver” groups that pay a reduced fee because paying the regular fee would put too much financial strain on the business (primarily cash flow strain).

Designed as a tax system, the non-waiver groups are the standard class of providers. See the brief descriptions below:

CURRENT FEE CLASSES

No Fees/Exempt:

- Government-owned NFs

Waiver Fee:

- Small facility (46 beds or less)
- Continuing Care Retirement Community (CCRC)
- High Medicaid utilization (26,500 or more annual Medicaid patient days)

Non-waiver/Standard Fee:

- All other NF providers that do not meet criteria above

2019 RATE AND CRITERIA CHANGES

The total amount of fees generated is set as a percentage of non-Medicare revenue. This too has been extended to consider hospice and Medicare Advantage revenue. In 2010, when the program started, the total fees were set at 3% of revenues. The actual amount has been estimated as low as 1.9%, and the changes for July 1, 2019 will increase this to approximately 3.95%. The establishment of waiver classes and exemptions results in three levels of payment rates. See the table below with the changes included:

Group	Criteria	July 1, 2015 Rate	July 1, 2019 Rate
Government Owned		\$0	\$0
Small Facility	46 Licensed Beds or Less	\$1.36	\$2.45
CCRC	Certified with Iowa Insurance Division	\$1.36	\$2.45
High Medicaid	21,000 Annual Medicaid Days or More This was initially set at 26,500. It changes to 21,000 on July 1, 2019	\$1.36	\$2.45
Standard	Standard	\$7.13	\$12.75

FEE RETURNS

The fees generated and paid in by NF providers are required by code to be returned 100% to NFs. The system is designed to return the fees through the Nursing Facility Medicaid Payment rates. While the fees are paid in based upon non-Medicare patient days, they are returned based upon Medicaid patient days only. There are two fees paid back to facilities as shown in the table below:

Group	Criteria	Return Fee	QAAF Add-on	Total
Government Owned		\$0	\$15.00	\$15.00
Small Facility	46 Licensed Beds or Less	\$2.45	\$15.00	\$17.45
CCRC	Certified with Iowa Insurance Division	\$2.45	\$15.00	\$17.45
High Medicaid	21,000 Annual Medicaid Days or More	\$2.45	\$15.00	\$17.45
Standard	Standard	\$12.75	\$15.00	\$27.75

The amounts above are the new fees starting July 1, 2019. **The prior QAAF add-on was \$10.** The system is designed to use approximately 70% of the fees generated in the return fees. Then 30% of the fees are used to increase the base rates and are applied to the case-mix adjusted direct care payments and non-direct care payments. The funding used in the base rates is applied at the time of rebasing. None of the fees paid in by NFs leave the payment system. 100% of the fees are applied in the return fees and in the calculation of the base rates.

The key to the QAAF program is the introduction of federal matching dollars. This allows for the system to function effectively and **adds significant new funding to the system.** Each provider is measured individually in this system since it's based upon actual patient days.

IMPACT CALCULATION TOOL

Iowa Health Care Association (IHCA) has developed an easy-to-use tool that is available to members only. The system is most effective when providers understand and manage cash flows. Payments to the provider are made monthly and are included with the traditional per diem payments. However, the payments to the Quality Assurance Trust Fund are made quarterly and typically after the provider has been paid. **The changes that take effect July 1, 2019 will significantly increase the cash ins and outs.** All providers should understand how this impacts their accounts and be prepared to manage larger transfers. Using the specially designed tool from IHCA will help providers prepare and plan for these changes.

Technically speaking, the system is designed for a very small number of providers to experience deficits in this program. The waiver classes are added to reduce this number further. Please note that if every provider was protected from deficits that CMS would not approve these plans as funding alternatives. Providers need to understand the key points of imbalance in the system and plan accordingly.

SUMMARY

The QAAF program is changing July 1, 2019. Each provider will have different results, and all providers should be prepared for these changes. IHCA has developed a tool for member providers to use and is prepared to help each provider understand the impact of these changes. The monthly payments to each provider and quarterly payments out will be increasing by more than 50% on average. Using the tool can help providers be better prepared.

DHS RESOURCES

The following resources are available from the Iowa Department of Human Services (DHS).

- **Nursing Facility Quality Assurance Assessment Calculation Worksheet:**
https://dhs.iowa.gov/sites/default/files/470-4836_NEW.xls

- **Worksheet Instructions:**
https://dhs.iowa.gov/sites/default/files/921_Att_InstructionsforDataCollectionsForm.pdf

FOR MORE INFORMATION

Please contact Brandon Hagen, VP, Managed Care Programs & Reimbursement, at brandon@iowahealthcare.org or 800-422-3106.