

## Legislative Update, Feb. 14, 2011

# State proposes provider tax increase to 5.05%

With the legislative session now one-third over, and with the first funnel moved up a week, from March 11<sup>th</sup> to the 4<sup>th</sup>, the pace of activity at the Capitol has become increasingly frantic. The week of Feb. 7<sup>th</sup> brought forward two issues of special interest to IAHSA members: DHS's provider tax/rebasing/NF Medicaid reimbursement proposal, and our assisted living program consumer protection bill.



### **NF Medicaid reimbursement, rebasing & the provider tax**

On Feb. 11<sup>th</sup>, President/CEO Dana Petrowsky, Board Chair Betsy Warburton (Bethany Life) and Calvin Shelangoski (Stonehill Franciscan Services) met with DHS staff and the legislative leadership to discuss how much of an increase in the provider tax is needed to cover rebasing and other costs.

IAHSA's position is that any increase in the provider tax should be held to a minimum to fund rebasing for nursing facility Medicaid reimbursement

The bad news is that Governor Brandstad's proposed budget for SFY 2012 includes removing nursing facility rebasing from the general fund and instead, funding it through the provider tax. The DHS budget proposal claims the provider tax needs to raise \$47 million to fund rebasing and plug other holes in the nursing facility reimbursement budget line-item.

The worse news is DHS proposes to do this by raising the provider tax from the current 3% to 5.05% for both SFY 2012 and 2013. Also, rebasing will be capped at 5%.

Stay tuned for more information ...

### **Assisted living consumer protection bill**

HSB 54, the assisted living consumer protection bill drafted by IAHSA and other stakeholders, was heard in subcommittee Feb. 10<sup>th</sup> before House Human Resources Subcommittee members Rep. Kevin Koester (R-Ankeny), Glen Massie (R-Warren County), and Mark Smith (D-Marshallsburg).

The Iowa Attorney General's Office lobbyists attended the meeting and objected to the "sole provider of housing and services" language that IAHSA supported, saying that it wouldn't reign in providers that decertify to escape regulatory oversight by DIA. IAHSA and the AG's office are meeting this week to iron out details. The bill goes before subcommittee again this week.

### Long Term, Care Collaborative

IAHSA is a founding member of a long term care collaborative consisting of AARP Iowa, Alzheimer's Association, IHCAL/ICAL, Iowa Alliance for Home Care, Iowa Association of Area Agencies on Aging and the Iowa Caregivers Association. The collaborative met with new Iowa Department on Aging Director Donna Harvey Feb. 11<sup>th</sup>. During the meeting, Steve Eiken discussed the recently-released part 2 of the Thomson-Reuters "State Profile Tool" developed for the department. The profile tool, funded by a CMS grant, was first released in March 2009, with an addendum released last fall. The report describes the states' long-term support system and highlights changes in how long term care services are utilized. Some findings include:

- Iowa has fewer people 65 or older who have a disability (38.1%) than does the U.S. (39.6%); but more of them are in nursing homes (Iowa-5.2%) than nationally (3.0 %). The remainder is cared for at home or in community settings.
- Older Iowans are more likely to live in nursing facilities than older adults in neighboring states, and the U.S.
- Iowans pay privately for nursing facility services much more often than other Americans.
- The number of assisted living beds has doubled since 2004, while the number of beds in other facilities decreased.
- From 2004 to 2009, Iowa's Medicaid program served an additional 4,333 people age 60 or older in HCBS waivers and 1,142 fewer people in nursing facilities.

Harvey also told the Collaborative "part 3" of the study is scheduled to be released June 30<sup>th</sup>, 2011. It will include recommendations to help make Iowa's long term care supports and services more efficient, mostly through advanced information technology and other systems work. Harvey said the Department will not actively support a Demand Study until the state profile tool project is complete. The Demand Study is on the Collaborative's list of priority items. The study would help forecast the demand for long term care services, especially HCBS, over the next 5 to 10 years. Such information would help providers to better identify needs and develop programs to fulfill them.

### The week ahead

IAHSA's Public Policy Committee is scheduled to meet Feb. 18<sup>th</sup> to consider recently-introduced or amended bills. Be sure to read next Monday's edition of the *Legislative Update* for a report.