

Home Health & Home and Community Based Services (HCBS)



Background

The demand for home health services continues to grow across Iowa as patients express a heightened preference to receive care in their own home for as long as their medical needs safely allow. The increase in demand is promising as services provided through home health care are not only beneficial for those wishing to age in place, but also cost-effective due to low overhead expenses.

Medicaid-eligible Iowans who require varying levels of care have the option to receive that care in their home through services offered by home health agencies. Although demand for these services is increasing, low Medicaid reimbursement has resulted in underutilization of this cost-effective care setting. Iowa providers are unable to cover their costs through Medicaid reimbursement, and therefore, prevented from keeping up with market demands, pushing Medicaid patients to more costly care settings or into receiving no care at all.

Iowa's Medicaid-eligible seniors in need of higher levels of care offered in a nursing facility environment have the option under the Home and Community Based Services (HCBS) Elderly Waiver to receive care outside of a facility. Services can be delivered in the living environment they call home, be it assisted living, residential care, or adult day services. However, because Medicaid reimbursement to these providers falls short of the cost of care, it results in underutilization.

Home Health Medicaid

Issue

Home health rates are often referred to as "LUPA rates" which are based on the Medicare low utilization payment adjustment. When calculating LUPA rates, CMS sets national per-visit payment rates on an annual basis which are adjusted by the CMS wage index. These rates vary based on different values calculated for the wage index of all Iowa metro areas and rural area.

Iowa law provides that home health rates should be updated every two years to reflect the adjusted Medicare LUPA amounts. Due to past budget restraints, there has been a gap in fully funding home health rates. This has reduced the amount of money home health providers require to offer home health services to Medicaid patients, and forces home health agencies to cap the number of Medicaid patients they can serve, resulting in access issues, particularly rural Iowans on Medicaid.

Despite receiving a critical \$1.77M appropriation in 2022, rural home health providers continue to face challenges that institutional care providers do not. Travel costs incurred by staff driving between patients (often lengthy distances in rural areas) and scheduling hurdles associated with meeting unique client needs in geographically spread out areas.

Solution

The Iowa Center for Home Care requests a state appropriation of \$3.2M to increase home health rates to 100% LUPA rates (with no budget neutrality factor). The funding will enable providers to meet the demands of Iowans seeking home health care and increase access for Medicaid patients across Iowa who opt for this more cost-effective level of care.

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HCBS Medicaid (Assisted Living & Home Health)

Issue: Providers have experienced a significant increase in employment costs due to intense competition with other segments of health care, as well as employers of outside sectors for staff.

Extensive ongoing administrative burden coupled with future uncertainty of financial recoupment make the risks of providing care through the HCBS waiver outweigh the rewards. Rates settings for elderly waiver services do not cover the costs for organizations who are providing these services. As a result, low-income seniors and disabled persons on the HCBS elderly waiver face limited access to home and community-based services due to low reimbursement limiting provider's ability to accept elderly waiver clients.

In 2021 and 2022, the legislature appropriated increases for HCBS service rates by 3.55% and 4.25%, respectively. Demonstrating support for services offered in home and community-based care settings.

Solution: To promote utilization of the Elderly Waiver in Assisted Living Programs and Home Health Agencies, IHCA asks the Iowa Legislature to continue their work from the past two years and increase service rates for the HCBS Elderly Waiver to allow Iowans to receive services in their least restrictive setting,

About Us

The Iowa Health Care Association (IHCA) and its divisions, Iowa Center for Assisted Living (ICAL) and Iowa Center for Home Care (IHC), represent more than 800 Iowa nursing homes, assisted living and residential care facilities, home health agencies, and independent senior living and retirement communities that provide long term services and supports to Iowans.

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