

Nursing Home Rebasing



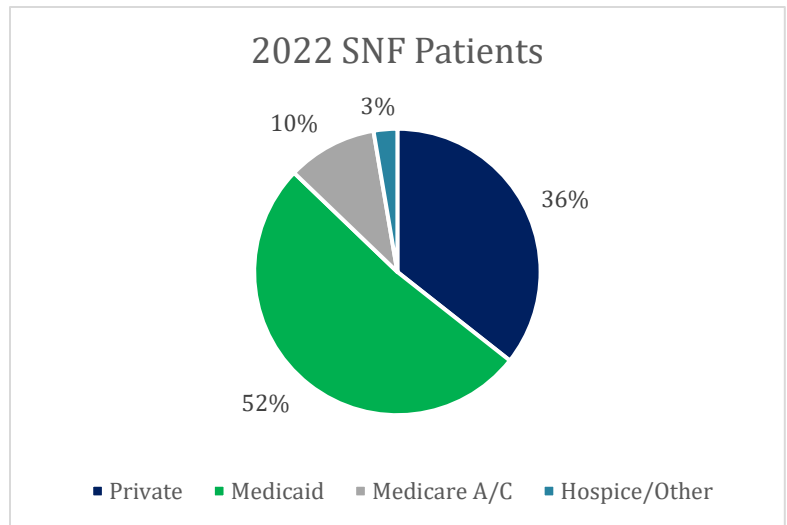
Background

Iowa long-term care providers are facing extremely challenging operating conditions, which can mainly be attributed to two main factors: the COVID-19 Pandemic and cost/wage inflation. For nursing facilities specifically, more than 20,000 Iowans depend on Iowa's 414 skilled nursing facilities (SNF) to meet their long-term care needs. A number that only a year ago was at 431 facilities (17 closures in 2022).

Nursing facilities are funded by three primary sources:

- Private pay (long-term stays)
- The Federal Medicare Program (short-term rehab stays)
- Iowa Medicaid (long-term stays)

Currently on average 52% of total nursing facility resident days are caring for individuals on Medicaid. To deliver long-term care for residents who receive services through the Iowa Medicaid Program, the State of Iowa contracts with nursing home providers. This contractual agreement requires the state to reimburse providers at a daily rate which covers the costs of caring for Medicaid residents. This is accomplished per [2001 Iowa Acts, Ch. 192](#) through the "rebasing" process in which the Iowa Legislature appropriates funding to ensure Medicaid rates are adjusted as costs rise over time.



Rebasing is the process of adjusting nursing facility rates to use more current cost data. The cost data is submitted annually by each nursing facility to the Department of Health and Human Services, reviewed for accuracy and is then used to calculate each facility's specific rate. Rebasing occurs on a two-year cycle using costs from the previous year (e.g., 2023 is a rebasing year and 2022 provider costs will be used to determine rates).

The costs of caring for Iowa's Medicaid-eligible seniors and disabled adults continue to outpace Medicaid reimbursement to nursing facilities. Due to the pandemic and recent extraordinary periods of inflation, as well as budget restrictions and the two-year time constraints of the current rebasing cycle, the state of Iowa has been unable to fully fund nursing facility providers. Providers are currently reimbursed at 80% of allowable costs (80 cents for every \$1 in costs), resulting in a significant shortfall of \$60 million owed to providers for past care to the state's Medicaid residents. The Iowa Health Care Association is committed to identifying solutions for reducing this shortfall, including one option that reduces the rebase request by 40% with no state fiscal impact, resulting in a shortfall of \$35 million.

For more information about how long-term care directly impacts your legislative district, click [here](#).

About Us

The Iowa Health Care Association (IHCA) and its divisions, Iowa Center for Assisted Living (ICAL) and Iowa Center for Home Care (IHC) is Iowa's largest non-profit organization representing over 790 Iowa organizations that provide long-term care to elderly and disabled Iowans through nursing facilities, assisted living, residential care, senior living communities and home health/home care agencies.

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