



Legislative Wrap-Up: Objectives, Obstacles and Outcomes

July 1, 2009

The Special Session convened yesterday with Indiana lawmakers approving a two year State budget of \$27 billion and Governor Daniels signing the bill into law. This signals the end of legislative activity related to the 116th General Assembly. Here is a wrap-up of major objectives, obstacles and outcomes of legislation affecting long term and post acute care:

Objectives

IHCA began drafting our legislative agenda well before the start of Session in January. All IHCA bills successfully made a hearing and passed at least one house.

- **Reauthorization of the QAF:** Senate Bill 454 originally included language to extend the QAF until August 1, 2011.
- **Maximization of the QAF** Language was included in House Bill 1470 set the QAF at the maximum amount, 5.5%.
- **Price based Reimbursement:** House Bill 1470 was introduced to create a price-based system for Medicaid reimbursement and begin to reimburse facilities based on the system beginning July 1, 2011.
- **Quality Assurance for the Survey Process:** Senate Bill 349 was introduced to require the state department of health to provide uniform and appropriate training for each state department of health employee with health facility inspection duties.
- **Independent Third Party for the IDR:** Senate Bill 574 was introduced to establish an independent third party for the informal dispute resolution (IDR) process.
- **Indiana Long Term Care Savings Plan:** House Bill 1448 was introduced to establish a long term care savings plan for a participant to fund an account to pay eligible long term care expenses of the participant. The bill passed the House but not the Senate.

Obstacles

While IHCA began the session with a total of six pieces of legislation, a number of other challenges were presented during the months of the regular session. IHCA responded to these obstacles accordingly:

- **Preserving the QAF Extension:** After Senate Bill 454 failed to pass a committee hearing, the extension of the QAF was included in House Bill 1001, Budget bill. Because this bill failed to pass during regular session, the need to preserve the extension of the QAF was carried into the Special Session which ended on June 30, 2009.

- **Preventing the 5% Holdback:** Originally proposed by FSSA in late 2008 as a means to reduce costs by \$100 million, this rule would modify the Medicaid Reimbursement rules in Title 405 to hold back up to 5 percent of the rates paid to all providers. Language to prevent this hold back was included in the House Bill 1001 in February but later removed because FSSA revoked the rule in April. During the special session, the same language was included and later removed from the Budget bill. IHCA was the only health care association that testified on the need to protect Medicaid rates paid to providers during a special session hearing on the issue.
- **Defeating Medicaid Overpayments-** Senate Bill 215, Medicaid overpayments was introduced late during the regular session and would require providers to repay an alleged Medicaid overpayment. The bill would also allow administrators to recoup the overpayment if an agreement cannot be reached with the provider within 60 days.

Outcomes

Below are the outcomes of the regular and special sessions:

- **QAF Extended:** Included in the budget bill signed by the Governor, the State's QAF has been extended for two years (until August 1, 2011)
- **5% Holdback Revoked:** Through continued efforts to show the severe consequences of the proposed 5 percent cut to all parties, there is no rule or legislation currently in place that authorizes this measure.
- **60/40 FMAP Split:** Included in the Budget bill signed by the Governor, this language authorizes 60 percent of all dollars collected from the FMAP to be used to receive the federal match dollars and returned to nursing homes as enhanced reimbursement rates to be used in providing care. The remaining 40 percent will be directed to the state for funding other state programs.
- **Maintenance of Predictability in Medicaid Funding:** Because the 5 percent holdback was successfully revoked, predictability in Medicaid funding has been preserved by maintenance of the 3 percent increase for Medicaid rates.
- **Defeat of Medicaid Overpayments:** Thanks to IHCA testimony, this bill was defeated during regular session in the Senate Public Health Committee.
- **Redefining CCRCs:** Included as language in the Budget bill signed by the Governor, continuing care retirement communities (CCRCs) now have the additional requirement to operate at least 25% of their units under contracts that require the payment of at least \$25,000 as an entrance fee.
- **Summer Study:** House bill 1470 requires the select joint commission on Medicaid oversight to study the impact of changing health facility reimbursement to a **price based reimbursement system**. Senate bill 349 requires the health finance commission to study the need for appropriate and uniform **training of state department of health surveyors** and whether the state department should establish a **third party dispute resolution process** for health facility appeals of survey report findings.