

## HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	House File 685	House HHS:	<b>PASSED 2/23/23 (14-7)</b>
Committee:	Health and Human Services	House Ways & Means:	<b>PASSED 3/21/23 (24-0)</b>
Floor Manager:	Rep. Shannon Lundgren	House Floor:	<b>PASSED 4/11/23 (98-0)</b>
Date:	May 1, 2023	Senate Floor:	<b>PASSED 4/26/23 (49-0)</b>
Staff:	Natalie Ginty (5-2063)	Governor:	

### Medicaid Lien and MCO Tax

- This bill comes from the Iowa Department of Health and Human Services to update Iowa's Medicaid Lien Recovery statute to be in compliance with federal law, and recent United States Supreme Court precedent. The bill allows Iowa Medicaid to recover from both past and future medical expenses awarded from tort claims, and clearly defines the state's rights to recover against third parties for medical claims of minors.
- This bill also establishes a Medicaid managed care taxation of premiums to align the MCOs with other insurance carrier requirements. The collection of this assessment will provide additional federal match funds to the state Medicaid program. DHHS estimates that this provision will provide \$155.8 million additional to the Iowa Medicaid appropriation in FY2025 and \$103.9 million annually after that.

### Amendment Analysis

**H-1315 by the Senate** – This is agreed to language with the Iowa Department of Health and Human Services, Department of Inspections, Appeals, and Licensing, Iowa Health Care Association and Iowa Hospital Association. The amendment does the following:

- Requires certain information be reported to DIAL prior to a nursing facility license being issued when a change of ownership occurs.
- Institutes a temporary moratorium on new nursing facility beds in Iowa for up to 3 years.
- Creates a nursing facility dashboard available to the public starting January 2024
- Prohibits hospitals and nursing homes from passing along additional costs to non-Medicaid patients due to participation in provider tax programs
- Requires a workgroup report to the legislature by December 2024 on the nursing facility bed need formula

### Division I – Nursing Facility and Hospital Capacity and Financing

#### Section 1 – New Section (Iowa Code 135C.7A)

This section requires approval by DIAL when change of ownership of a previously licensed nursing facility occurs. The information in the license application shall include:

- Organizational and ownership structures
- Related party transactions and associated reimbursement structures
- Financial suitability – financial projections for first three years, projected initial cash and liquid assets, if they are a component of a corporate chain

- Regulatory history in other states – investigations, surrendering of licenses, documentation if there was resolution to complaints, not gone through court-appointed receivers or temp managers.

This information must also include assisted living programs, hospice services, home health, and other LTC.

DIAL can also require verification of 2 months of resources and require an escrow account with two months of projected deposits and disbursements with the account being terminated 5 years later. Information under this section are confidential and not public record.

Defines “applicant” and “related party”.

#### Section 2 – New Section (Iowa Code 135C.35A)

Establishes a temporary moratorium on newly constructed nursing facilities or bed expansion from July 1, 2023 to potentially June 30, 2026. Allows DIAL, in consultation with DHHS, to extend the moratorium in 6-month increments.

The departments can also waive this moratorium if the capacity in certain counties exceeds 85% occupancy for three straight quarters. Any waiver will be publicly posted with the department decision. Defines “occupancy”.

#### Section 3 – New Section (Iowa Code 135C.35B)

Requires DHHS to create a publicly available dashboard by January 1, 2024 that shows:

- the number of nursing facility beds available in the state
- the overall quality rating of those facilities by CMS star ratings
- increases and decreases in nursing facility beds in each county over the last fiscal year, with explanations as to why

#### Section 4 – New Section (Iowa Code 249A.28)

Prohibits hospitals participating in the hospital provider tax from passing along increases for health care services to non-Medicaid payors.

#### Section 5 (Iowa Code 249L.3)

Prohibits nursing facilities participating in the quality assistance assessment fee from passing costs along to non-Medicaid residents.

#### Section 6 – Nursing Facility Bed Need Formula – Study and Recommendations

Requires DHHS to establish a workgroup of nursing facilities, MCOs, DIAL, and other stakeholders to review the existing nursing facility bed need formula. A report is due to the legislature by December 2024.

Revises the title.