

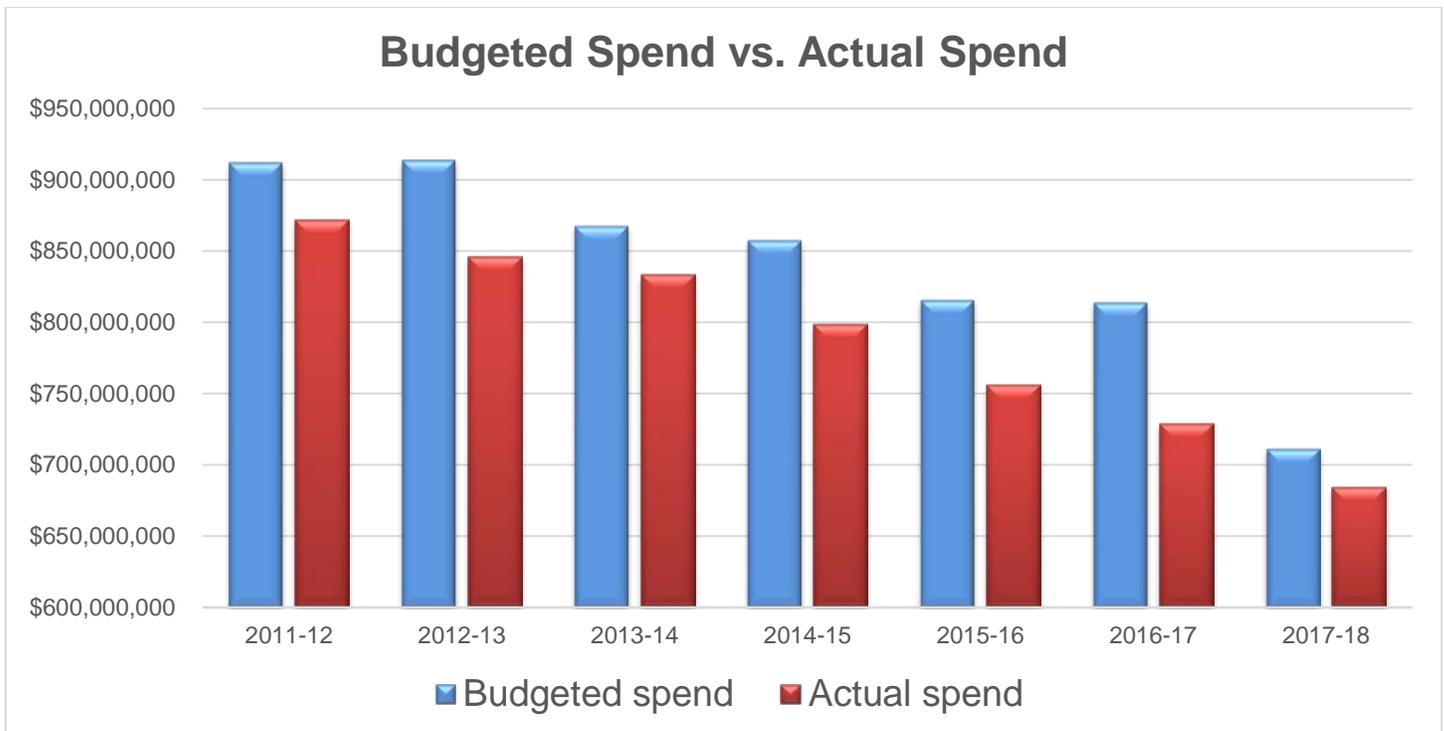
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Nursing Facility Funds Allocated but not Spent

Background: The State Budget appropriates dollars each year within the Medicaid program to fund nursing facility fee-for-service care. These funds are disbursed to nursing facilities through a fee-for-service rate structure established by the Department of Health Services. The DHS sets overall nursing facility fee-for-service rates based on the amounts allocated under the State Budget and the estimated number of nursing facility residents that will be served in that year.

Problem: For the past several years, the actual number of nursing facility residents served has fallen far below the estimated number used by DHS to set overall nursing facility rates, resulting in funds that are allocated for nursing facility care not being spent for this purpose. The below graph illustrates the disparity:



Solution: Nursing facility Medicaid fee-for-service spending has been consistently declining, mostly due to the decrease in the number of residents served. The reasons for this decrease are many: untenable Medicaid deficits resulting from woefully inadequate Medicaid rates, facility closures, and admission freezes necessitated by workforce challenges, for example. The cost to care for these residents is consistently increasing, greatly outpacing the increases in per patient day increases. Medicaid savings should not come at the expense of nursing facility care. It is time to reinvest in our nursing facility residents by including a budget provision that directs the DHS to report to the Joint Finance Committee on whether annual nursing facility fee-for-service Medicaid spending is less than the amount authorized by the 2019-21 Biennial Budget Act. If underspending has occurred, require DHS to submit a proposal to the JFC, for review and approval, that allocates the difference to the amount authorized for nursing facility funding in the subsequent fiscal year.