

## Medicaid Financing Techniques to Bridge Hospital Funding Gaps



Hospitals that serve Medicaid and uninsured populations often experience funding challenges that can overwhelm facilities and

compromise the care of a community's most vulnerable populations. Innovative Medicaid financing programs for hospitals can help fund health care services for those who need them most and shore up finances for these facilities over time. [Read our latest article to learn about innovative financing solutions and how Sellers Dorsey is available to help.](#)

### Summary of Key Updates

On May 12, the Centers for Medicare and Medicaid Services (CMS) released guidance for state health officials (SHO #22-002) on Medicaid and CHIP coverage and payment for "stand-alone vaccine counseling." CMS writes that stand-alone vaccine counseling helps address vaccine hesitancy by helping patients and their families learn about vaccines from trusted health care providers (CMS, May 12).

CMS released a final rule that authorizes states to make Medicaid payments for individual practitioners' health insurance, welfare benefits, skills training, and other employee benefits, if the individual practitioners consent to such payments on their behalf. The rule will go into effect June 15, 2022 ([Federal Register](#), May 16; [Modern Healthcare](#), May 12).

In a letter to Health and Human Services (HHS) Secretary Xavier Becerra, the American Hospital Association (AHA), the American Medical Association (AMA), and 14 other health care organizations requested the COVID-19 public health emergency (PHE) declaration be extended until the global outbreak wanes ([Modern Healthcare](#), May 11).

From May 11 to May 17, CMS approved four Appendix K waivers and two SPAs, one of which is a COVID-19 disaster relief SPA.

### Federal Updates

According to a recent review by Kaiser Health News (KHN), states, large cities and counties have yet to spend any of the \$2.25 billion in grant money they received in early 2021 designated to address COVID-19 health disparities.

### State Updates

On May 12, New Hampshire SB 422 was approved and now awaits Governor Chris Sununu's (R) signature. The bill establishes an adult dental benefit under the state Medicaid program.

### Private Sector Updates

*Health Payer Specialist* analyzed enrollment numbers across major health insurers in the U.S. from the end of 2021 till the end of the first quarter of 2022.

### Sellers Dorsey Updates

Check out our latest staff spotlight Q&A with Senior Vice President, Brian McGuckin.

## FEDERAL UPDATES

### News

- In a set of [letters](#) to several prominent third-party vendors determining Medicaid eligibility, House Committee on Energy and Commerce Chair Frank Pallone (D-NJ) and Senate Finance Chair Ron Wyden (D-OR) raised concerns over the incentives for these contractors involved in the post-PHE Medicaid redetermination process. The lawmakers claim they are aware of reports that prominent contractors involved in PHE redeterminations have a track record of poor performance and that some contractors may be incentivized to remove more members from state Medicaid rolls than necessary for financial gain. The letters request contractors turn over details on past Medicaid eligibility work, prior terminated contracts and penalties, the nature of each company's business with states, and Medicaid redetermination contracts to the committee by July 1 ([Inside Health Policy](#), May 12; [House Committee on Energy and Commerce](#), May 6).

### Federal Regulation

- On May 12, CMS released a state health official guidance ([SHO #22-002](#)) on Medicaid and CHIP coverage and payment for "stand-alone vaccine counseling." Stand-alone vaccine counseling occurs when a patient or caregiver receives vaccine counseling from a health care practitioner but does not receive the vaccine at that time. In the guidance, CMS writes that stand-alone vaccine counseling helps address vaccine hesitancy by helping patients and their families learn about vaccines from trusted health care providers. CMS believes coverage of stand-alone vaccine counseling could help states increase COVID-19 and other vaccination rates for Medicaid and CHIP beneficiaries. Furthermore, CMS interprets the Medicaid Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit to require states to provide coverage of stand-alone vaccine counseling to beneficiaries under the age of 21 who are eligible. Additionally, the American Rescue Plan (ARP) provisions that require state Medicaid programs to cover COVID-19 vaccine administration without cost-sharing and allows 100% FMAP temporarily available for state Medicaid expenditures on COVID-19 vaccines, is interpreted to include stand-alone COVID-19 vaccine counseling. States have the option to cover stand-alone vaccine counseling for Medicaid beneficiaries who are not eligible for EPSDT ([CMS](#), May 12).
- CMS has released a final rule that explicitly authorizes states to make Medicaid payments to third parties for individual practitioners' health insurance and welfare benefits, skills training, and other employee benefits, if the individual practitioner consents to such payments on their behalf. This rule will allow state Medicaid agencies to provide employee benefits to home health aides not working with an agency. Home health is a popular Medicaid service among patients. However, it is marred by significant worker shortages often because of low wages and little to no benefits. The rule is not mandatory for states but gives them the flexibility to boost home health access. The rule will go into effect June 15, 2022 ([Federal Register](#), May 16; [Modern Healthcare](#), May 12).

### COVID-19

- According to a recent review by Kaiser Health News (KHN), states, large cities and counties have yet to spend any of the \$2.25 billion in grant money they received in early 2021 designated to address COVID-19 health disparities. The CDC mandated grant funds be used by May 2023 but recently permitted states to apply to extend that time. Most states have only used less than 10% of the grant funds. The KHN review comes after the U.S. passed the one million-threshold of COVID-19 deaths in the country ([KHN](#), May 16).
- In a letter to HHS Secretary Xavier Becerra, AHA, AMA, and 14 other health care organizations requested the COVID-19 PHE declaration be extended until the global outbreak wanes. The PHE designation permits numerous policies and rules for health care providers and state governments to be relaxed, including continuous Medicaid enrollment and additional Medicare reimbursement for the treatment of COVID-19 patients. The current declaration is scheduled to expire mid-July, but the Biden administration promised states 60-days' notice before terminating the PHE ([Modern Healthcare](#), May 11).

- In last week's virtual COVID-19 summit, President Biden acknowledged the one million COVID-19-related deaths in the U.S. and urged world leaders to renew their commitment to combating the virus on a global scale. Government-led research indicates weak public health infrastructure in developing countries has caused many of the COVID-19 vaccines donated to these countries to go unused, prompting Biden's request for \$5 billion in global spending for vaccine coordination efforts. Speakers at the summit announced \$3 billion in new funding commitments to fighting COVID-19, a far more modest outcome than last year's summit. Over 65% of the world's population has received at least one COVID-19 vaccine dose, but less than 16% of individuals in countries with poor public health infrastructure has received one vaccine dose ([Modern Healthcare](#), May 12).

## Studies and Reports

- On May 10, the Kaiser Family Foundation (KFF) published an analysis on "Fiscal and Enrollment Implications of Medicaid Continuous Coverage Requirement During and After the PHE Ends." The analysis examines how much of enrollment growth can be attributed to baseline (expected enrollment increases without the pandemic), and how much can be attributed to the maintenance of eligibility (MOE) requirement during the PHE. Additionally, the study explores costs tied to MOE enrollment growth, includes estimates of fiscal relief provided to states through the enhanced Federal Medical Assistance Percentage (FMAP), and outlines potential scenarios for enrollment levels moving forward. Key findings include the following:
  - Medicaid enrollment is projected to increase by 25% (22.2 million enrollees) from 2019 through the end of FY 2022.
  - Baseline growth accounts for approximately 3.5 million enrollees and MOE requirement accounts for approximately 18.7 million enrollees.
  - From FY 2020 through FY 2022, states will have received about \$100.4 billion in fiscal relief due to the enhanced FMAP. This is more than double the total estimated state costs due to the additional MOE enrollees.
  - Assuming the continuous enrollment requirement ends August 1, the number of Medicaid enrollees disenrolled in FY 2023 could range from 5.3 million to 14.2 million and varies by state and eligibility group ([KFF](#), May 10).

## STATE UPDATES

### Waivers

- Section 1915(c) Appendix K
  - [California](#)
    - Reverts the Multipurpose Senior Services Program (MSSP) waiver managed care payment methodology back to a fee-for-service payment methodology for six impacted Coordinated Care Initiative (CCI) counties as part of the California Advancing and Innovating Medi-Cal (CalAIM) Section 1115 demonstration's approved timeline.
  - [Iowa](#)
    - Amends the service definition of Supported Community Living as detailed in Section A of the Intellectual Disabilities Waiver and Brain Injury Waiver.
    - Amends the service definition of Residential Based Supported Community Living as detailed in Section A for the Intellectual Disabilities Waiver.
  - [New Hampshire](#)
    - Establishes a service code for distributing ARP funds for supplemental payments to providers operating under the Developmental Disabilities Waiver, Acquired Brain Disorder Waiver, and In Home Supports Waiver for Children with Developmental Disabilities.

- New York
  - Establishes the following changes under the Nursing Home Transition and Diversion and Traumatic Brain Injury waivers using ARP funds:
    - Provides a retroactive one-time performance payment for each direct service staff person hired throughout the PHE or the Appendix K period.
    - Implements a statewide training stipend program to reimburse providers for a portion of costs incurred above and beyond expenses the provider typically sustains for training staff due to turnover caused by the PHE.
    - Provides an additional stipend to staff who are fully vaccinated against COVID-19.
    - Enhances current rates for Structured Day Programs and Home and Community Support Services Nursing visits.

## SPAs

- Administrative SPAs
  - Oklahoma ([OK-22-0021](#), effective January 1, 2022): Updates state plan to comply with Section 210 of the 2021 Consolidated Appropriations Act related to mandatory Medicaid coverage and reimbursement of routine patient costs furnished in connection with participation in qualifying clinical trials.
- COVID-19 SPAs
  - Louisiana ([LA-22-0013](#), effective January 1, 2022): Increases the daily per diem rate paid to privately owned or operated nursing facilities and includes a direct care add-on to reimburse Intermediate Care Facilities for Individuals with Intellectual Disabilities for increased costs related to retaining and hiring direct care staff. This time-limited COVID-19 SPA terminates at the end of the PHE.

## News

- California lawmakers are trying to ban individuals or entities from buying or operating nursing homes without a license and are proposing an overhaul of the licensing process to reject applicants with poor performance data, inexperience, or insufficient financial resources. Currently, companies or individuals in California can buy or run nursing homes before obtaining a license. State assembly member Al Muratsuchi (D) authored [AB 1502](#), which requires an owner or company to apply for a license 120 days before buying or operating a nursing home and includes disclosing financial records of all potential owners and investors. The bill now awaits a hearing in the Senate ([KHN](#), May 16).
- During a forum on May 13, Democratic gubernatorial candidates in Tennessee pushed for Medicaid expansion to improve health equity in the state. Candidates Dr. Jason Martin and Memphis City Council Member JB Smiley, Jr. reminded attendees that if Tennessee expands TennCare, an estimated 300,000 additional individuals will be covered. Both candidates called for more efforts for the state's smaller underserved communities, rather than investing only in the Tennessee's largest cities. The next forum will be on May 19 at Lipscomb University in Nashville ([Yahoo News](#), May 13).
- On May 12, New Hampshire [SB 422](#) was approved and now awaits Governor Chris Sununu's (R) signature. The bill establishes an adult dental benefit under the state Medicaid program, which will provide coverage for standard, emergency, and preventative dental care to about 85,000 enrollees. This will be the first time that coverage is available across New Hampshire and the state share of the cost is estimated at \$7.5 million annually. Public support for expanded benefits was a large issue during last year's public hearing on the budget. If signed into law, expanded benefits will begin April 2023 ([Sentinel Source](#), May 13).
- Florida's Medicaid agency, the Agency for Health Care Administration (AHCA), has released a request for information (RFI) seeking best operational strategies, performance metrics, and provider networks that will improve birth outcomes for mothers and infants, maximize home- and community-based services (HCBS) aging-in-place programs, and utilize value-based payment designs. The RFI comes as AHCA is scheduled to start a new contract procurement process for its \$24 billion Medicaid program in the fourth quarter of this year. RFI responses are due June 3 ([Health Payer Specialist](#), May 11).

- Texas is the second state to pass a prior authorization “gold card” law, which requires insurers to exempt providers from pre-authorization for specified services if they achieve a 90% approval rate for a service over six months. West Virginia passed a statewide gold card law in 2019 establishing a requirement of 100% approval for a service over six months, and Vermont is currently running a gold card pilot program. Similar gold card laws are up for consideration in eight other states. Data on the effectiveness of such laws is not yet available, but insurers and payers are divided on the laws’ potential consequences for health equity and quality of care ([Modern Healthcare](#), May 3).

## PRIVATE SECTOR UPDATES

- *Health Payer Specialist* analyzed enrollment numbers across major health insurers in the U.S. from the end of 2021 till the end of the first quarter of 2022. Among the top 10 health insurers in the country, Cigna experienced the largest growth in the Q1 2022 experiencing a 4.1% increase in total enrollment with the bulk of that growth coming from its commercial business. Molina Healthcare saw the largest drop in total enrollment in Q1 2022 with a 2.2% decrease. According to Molina executives, the decline was caused by a planned drawdown on Medicare Advantage members, many of whom were high-cost enrollees and enrolled during the special enrollment period. The largest health insurers in Q1 2022 continue to be UnitedHealth Group followed by Anthem ([Health Payer Specialist](#), May 13).
- The Special Workforce Edition of Kaufman Hall’s National Hospital Flash [report](#) found hospitals across the country are experiencing increases in per-patient labor expenses by over a third since 2019. The 900 hospitals polled between 2019 and March 2022 (Q1) show the median labor expense per adjusted discharge rose 37% (from \$4,009 to \$5,494). The report cites the pandemic as exacerbating longstanding labor challenges in the health care sector, resulting in the spike in contract labor prices during virus surges. While workforce shortages were also a contributing factor in increased expenses, the report primarily cites spending trends on contract labor utilization and pricing as the main issue. Major health systems have broadly spoken about Q1 of 2022 being the most strenuous in terms of high rates and pandemic pressures but hope that labor costs will normalize over the remainder of the year ([Fierce Healthcare](#), May 12).

## SELLERS DORSEY UPDATES

- Check out our latest [staff spotlight Q&A with Senior Vice President, Brian McGuckin](#). His invaluable expertise in Medicaid finance is essential to help our clients make nationwide impact in health care. Read more here to learn about Brian and the great work he has done.
- Our team at Sellers Dorsey helps clients every step of the way to get the resources they need to drive health outcomes. [Read our case study](#) about how we helped a Medicaid provider in Baltimore expand access to care, lower costs, and improve quality of care.
- We’re excited to attend the Association of American Medical Colleges (AAMC) Council of Teaching Hospitals and Health Systems (COTH) CEO Roundtable. Our colleagues look forward to collaborating and discussing the national impact of health care policy.
- We also look forward to attending the Ohio Public Health Combined Conference next week. Our team is excited to hear from policy experts about best public health practices and major public health issues, such as health equity.

