



MEDICAID & NURSING HOMES

April 28, 2021

Our Vision for the Future

WE IMPROVE LIVES.

- ▶ We address social and structural determinants of health.
- ▶ We empower customers to maximize their health and well being.
- ▶ We provide consistent, responsive service to our colleagues and customers.
- ▶ So equity is the foundation of everything we do.



This is possible because...

... We value our staff as our greatest asset.

... We are always improving.

... We inspire public confidence.



CURRENT LANDSCAPE OF MEDICAID RESIDENTS IN NURSING HOMES

- **The data tells us that COVID-19 had a devastating impact on all nursing home residents.**
- **This disproportionately impacted Black and Brown Medicaid customers in specific nursing homes – even when controlling for community spread – due to the conditions at the facilities.**
- **Each year, Illinois spends billions on nursing home services for Medicaid customers.**
- **Medicaid covers ~60% of all nursing home days each year – and is the largest payer of custodial care services.**
 - (as Medicare services are typically short-term, post-acute, or rehab type services).
- **HFS has a moral obligation to the 45,000 Medicaid residents we serve each year in nursing homes.**

44% of Medicaid COVID-related deaths of NH residents contracting COVID by May 31st, 2020 occurred in facilities where at least 10% of residents were in rooms with 3+ people. *

- Compared to 33% of Medicaid residents living in such facilities.

We found that at least 40% more Black and Brown Medicaid NH residents perished than would be expected based on COVID mortality among White Medicaid NH residents.

- **This tragic and inequitable difference in COVID's Wave 1 impact essentially disappears when also controlling for the disproportionate number of Black and Brown residents living in:**
 - zip codes with higher Wave 1 COVID infection rates and
 - nursing facilities dependent on the use of 3- and 4-person rooms
- **These emerging results mirror those published in multiple peer-reviewed studies:**
 - Impact of ward rooms (4+ people) in Canada
 - Impact of resident density (per square foot) in three US States (MA, GA, NJ)

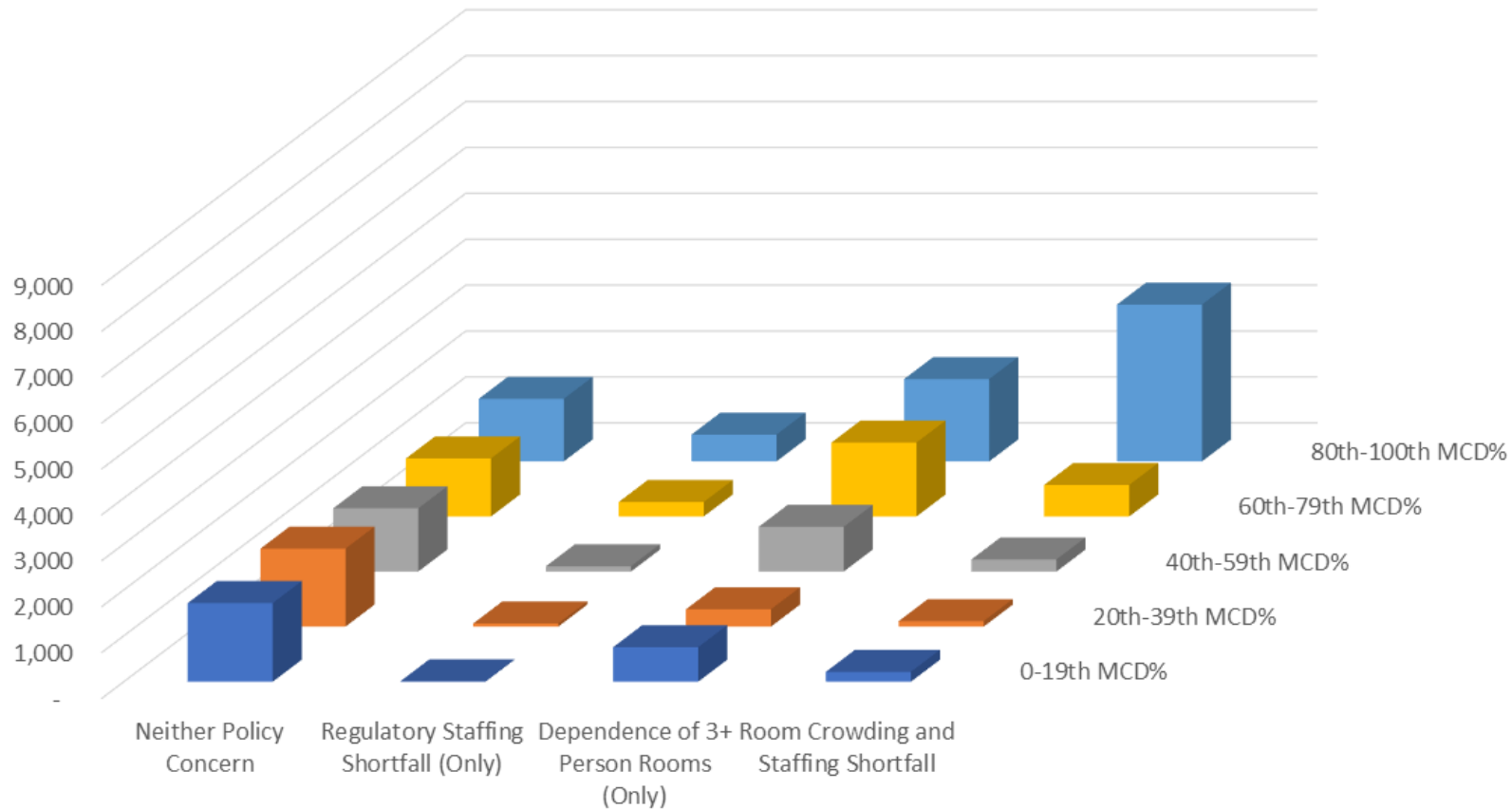
WAVE 1 COVID ANALYSIS





RACE & ETHNICITY

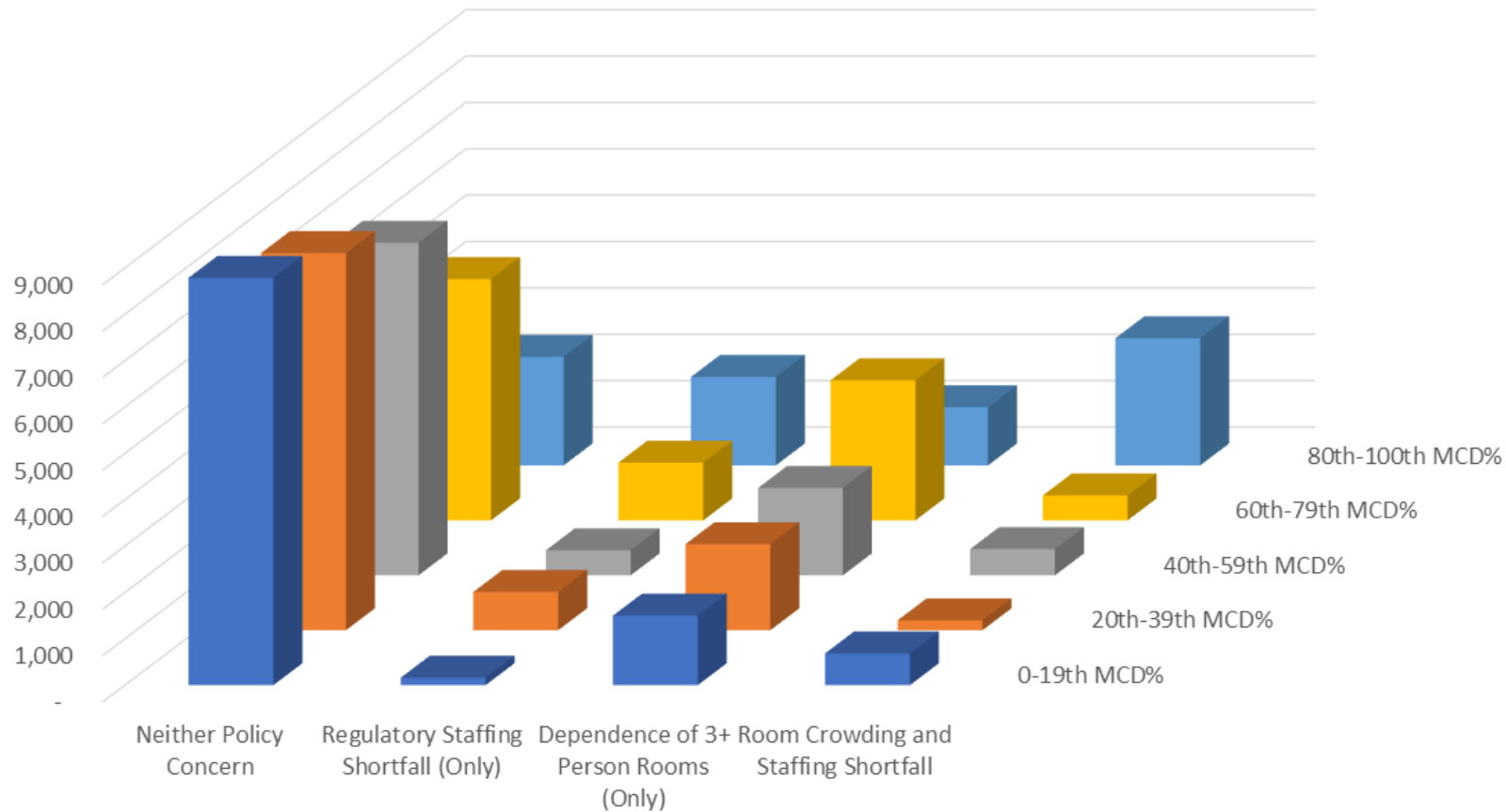
What Nursing Facilities are Black or Brown Residents Located In?





RACE & ETHNICITY

What Nursing Facilities are White (only) Residents Located In?





COVID-19 FUNDING

One-time Pandemic Response funding for Illinois nursing homes:

- Through December 30th, HFS distributed a total of **\$359 million** in state CARES funding to long term care facilities.
- At least **\$521.3 million** in direct federal COVID response funding was distributed to Illinois nursing homes. (see notes below)
- This **totals \$880 million** one-time dollars last year.
 - This does not include federal PPP funds.

HFS believes any additional one-time COVID related funding should address specific safety and quality efforts benefitting residents directly.

<https://www.hhs.gov/sites/default/files/skilled-nursing-facility-provider-relief-payment-state-breakdown.pdf>
www.hhs.gov/sites/default/files/skilled-nursing-facility-provider-relief-payment-state-breakdown-2.pdf
<https://data.cdc.gov/Administrative/Provider-Relief-Fund-COVID-19-Nursing-Home-Quality/bfqg-cb6d>

Significant opportunity exists to improve quality for nursing home residents.

On **three occasions in recent years**, the ILGA has increased funding for nursing homes to improve staffing.

In 2019, Illinois **ranked last** in nursing home staffing.

Illinois nursing homes are particularly **reliant on facilities with 3 or 4+ persons to a room**, even as Medicare shifted its policy to begin reducing room occupancy through regulations over 5 years ago.

To improve quality, Illinois can tie new funding to the quality of care provided, with incentives to reward high performance and/or improvements.

- Illinois currently has **two unfunded quality incentives** in rule that were agreed to years ago to encourage staff retention as well as continuity of staff assignments to the same residents.

QUALITY

INEQUITY



During the pandemic, facility conditions have contributed to risk of infection and death, especially for Black and Brown Medicaid customers.

Medicaid customers – especially Black & Brown residents – are far more likely to:

- *Live in a 3- or 4-person room*
- *Live in an understaffed facility*
- *Have contracted COVID*

Before COVID, 10,000 Medicaid customers were living in nursing homes with three or more other people in their room.

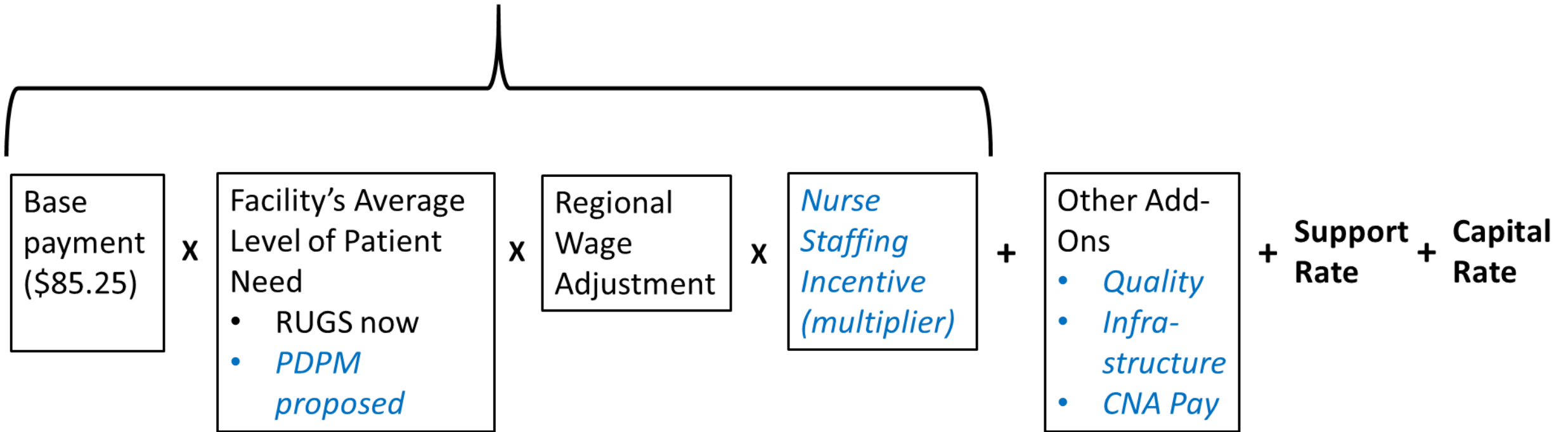
Inadequate staffing and overcrowding undermine basic infection control procedures.

The data will show that many high Medicaid owners are profiting while relying on low staffing and room crowding.

NURSING HOMES RATE STRUCTURE



Direct Care/Nursing Rate





Net Income per Resident Day for Illinois NFs in 2019

All Facilities Included (n=642)

	Facilities <u>below</u> 92% of STRIVE Staffing	Facilities <u>above</u> 92% of STRIVE Staffing
Facilities <u>below</u> 50% Medicaid	\$ 19.56	\$ 7.98
Facilities <u>above</u> 50% Medicaid	\$ 21.27	\$ 5.70

- Higher-Medicaid, under-staffed facilities earn owners the highest net income.
- Lower-staffed facilities earn their owners more than better-staffed facilities.

Note: Total Income from All Payers



UNACCEPTABLE STATUS QUO

A large for-profit group with a common owner:

- ✓ Approximately 30+ facilities
- ✓ 2/3rds of the homes are understaffed
- ✓ \$17.8 million annual net income from high Medicaid/understaffed homes and -\$1 million in losses from all other homes (\$16.7 m net profit)

Net Income per Resident Day in 2019

For an Owner of 30+ Chicago Area Nursing Homes

	Facilities <u>below</u> 92% of STRIVE Staffing	Facilities <u>above</u> 92% of STRIVE Staffing
Facilities <u>below</u> 50% Medicaid	\$ (0.51)	\$ 10.64
Facilities <u>above</u> 50% Medicaid	\$ 18.27	\$ (15.27)



WE PROPOSE A PATH FORWARD

A MORAL IMPERATIVE TO ACT NOW

- Simplify and raise the NH assessment to **significantly increase federal match** – bringing in approximately \$300 million in new (non-GRF) dollars to improve care.
- Use all of the new funding for payments that drive quality and equity, including staffing incentives for **direct, measurable improvements for NH residents**, as well as a set aside for community-based enhancements.
- Update the case mix methodology to the Patient-Driven Payment Model (PDPM) which Medicare implemented to **more accurately direct funding to resident needs** rather than provider operational choices.



SUMMARY

- **HFS continues to work with the Illinois General Assembly, nursing home providers, IDPH, DoA and other stakeholders to improve nursing home care for our 45,000 customers.**
- **We want to drive quality, equity, and safety.**
- **Nursing homes must be accountable to provide quality care through adequate staffing and infection control efforts.**
- **The Medicaid program needs new financial tools to ensure outcomes through the billions of dollars in payments.**



THANK YOU AND QUESTIONS