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HEALTH & WELFARE

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TO: Alex Adams, Administrator
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FROM: Dave Jeppesen, Director 
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SUBJECT: CFAC Funding Request for Medicaid Providers

Medicaid providers have been significantly impacted by the COVID-19 public health emergency. Providers who deliver services in group or residential settings have had to radically change how they deliver services in order to minimize the risk of transmission. Providers have also had to purchase additional cleaning supplies and protective equipment in order to protect their staff from exposure to COVID-19. Providers have also struggled with staffing due to needs for quarantine when staff exposure to COVID-19 is suspected. Recruiting staff has been difficult as some who might ordinarily be interested in working in a healthcare environment seek other opportunities due to concerns of contracting COVID-19. These pressures have led to increased overtime and for some providers the need to pay more for staff during the pandemic.

The Division of Medicaid has attempted to address these concerns through offering policy flexibilities including support for telehealth options and increased flexibility in billing requirements, removal of limitations on where services can be provided, and rate adjustments for providers who have been most heavily impacted by the pandemic. Medicaid has increased reimbursement to developmental disability service providers who are unable to continue operating center-based services due to the risk of infection. Medicaid has also worked with its transportation brokerage and Idaho Behavioral Health Plan contractor to increase reimbursement to providers within existing funding.

While these responses have been successful in many respects, providers continue to struggle with the impacts of the outbreak. Some groups of providers have seen reductions in their Medicaid payments of 40% or more. This is especially concerning for provider groups serving people with disabilities or low-income populations, as many rely heavily on Medicaid income because of the nature of their business or non-profit mission.

Medicaid has a strong need to preserve access to provider networks through the outbreak and the accompanying financial shock. These providers are critical for reducing the negative impacts for Idahoans eligible for Medicaid in need of care both during the outbreak and afterwards. Medicaid also has obligations to maintain access to services and network capacity in order to comply with federal requirements for Medicaid programs.

To address these COVID impacts, the Department requests \$38 million in Coronavirus Relief Funds to stabilize Medicaid providers who have been most heavily impacted by the pandemic to avoid negative impacts for Idahoans with Medicaid coverage and to preserve Medicaid networks for future needs. Because considerable funds and flexibilities have been made available to Medicaid providers through federal assistance and waivers as well as state program efforts, this proposal recommends distributing Coronavirus Relief Funds to Medicaid providers in a targeted way as described below.

This amount of funding is a rough estimate of the need based on a review of Medicaid claims over the period of the pandemic and information shared by providers related to increased costs due to pandemic impacts.

Distribution of Funds:

Coronavirus Relief Funds should be made available to any currently enrolled Medicaid providers in good standing who rely on the program for over half of their total revenue. Distributions would partially address decreases in revenues and increases in costs that are directly related to COVID-19 impacts and that have not already been remediated by other assistance such as the federal Provider Relief Fund, FEMA assistance, SBA forgivable loans, or other forms of assistance. Because some providers have received only very limited assistance from other sources, receipt of other types of assistance would not disqualify them from receiving this aid. However, other assistance would be considered for determining the amount a provider could receive.

To help as many providers as possible, assistance would be limited to bringing providers up to 80% of their pre-pandemic Medicaid revenue for the period of March 16th through September 13th. The following formula is recommended as a basis for calculating the amount of assistance:

$$\text{(Gross Reduction in Medicaid Revenue) + (COVID-19 related increase in provider costs) – (Other assistance received) – (COVID-19 related reductions in costs due to layoffs or other cost saving measures) = Assistance amount, subject to the 80% limitation.}$$

Should this request be approved, the Division of Medicaid would quickly prepare a simple application for providers to use. The application would collect provider information and require them to attest that the funds would be used to support direct COVID impacts such as direct care staffing, protective equipment and cleaning costs, or other needs that are directly related to COVID-19 needs. Providers would also be required to agree to auditing and verification should the accuracy of the information supplied or use of funds need to be verified.

Medicaid staff would review and cross-check information supplied by providers against provider enrollment records, federal aid disbursements, and Medicaid claims payments. Applications would be accepted through the end of October and tracked as they are approved. Medicaid would send approved amounts to the State Controller's Office for disbursement of funds on a rolling basis. If funding allows, Medicaid could work with CFAC to adjust the application period or criteria for assistance.