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IHA's position on sustaining critical health care

The Legislature should pass policies that help hospitals sustain services and access to care statewide by providing reimbursement and relief funds to help address the pandemic.

These policies include:

- **Establishing a hospital-relief trust fund.** The general assembly should create a \$150 million trust fund for distressed hospitals to sustain operations during emergencies. Although these funds may not be necessary, the future of the virus and its impact remain uncertain.
- **Increasing reimbursement for hospitals.** The cost-adjustment factor for critical access hospitals should be increased from \$1.5 million to \$6.5 million. With a federal match, this will generate \$17 million to Iowa's critical access hospitals. In addition, the general assembly should increase rates to urban prospective payment systems hospitals to ensure the fiscal viability of large hospitals that cannot benefit from the cost-adjustment factor.

Focus on sustaining critical health care

Over the past several months, hospitals have been testaments to their missions to serve. They have shown the vital importance of access to health care. They have served as safe havens, providing vital care to patients and communities affected by COVID-19. Hospital staff have put their lives on the line to ensure care for their patients and placed community needs before theirs. Now more than ever, Iowa hospitals need help. Iowans, regardless of where they live, need access to health care and vital services. The Legislature needs to support hospitals to ensure they will always be there for Iowa communities.

Where we've been

In 2019, IHA advocated to restore cost-based reimbursement to critical access hospitals. This policy exists in Medicare and existed in Medicaid before the introduction of managed care. The Iowa General Assembly declined to provide costs-based reimbursement, instead establishing a cost-adjustment factor. The cost-adjustment factor was provided a \$1.5 million state allocation and includes a federal match. This totals approximately \$3.8 million for Iowa's 82 critical access hospitals.

Hospitals have been afforded federal fiscal relief in response to the pandemic, but the amounts and repayment requirements vary substantially. Some of the funding received by hospitals are advance or accelerated payments. If these funds are not repaid in established timeframes, hospitals could face interest rates of 4%. There also is uncertainty about the amount of provider relief funds that may need to be returned to the Centers for Medicare and Medicaid Services.

Since the COVID-19 pandemic, there has not been specific state funding allocated to Iowa hospitals.



Iowa REC updates state revenue estimates

The Iowa Revenue Estimating Conference convened Friday, Dec. 11, to review Iowa's revenue and to update estimates for the upcoming budget process.

For fiscal year 2021, the conference increased estimates by \$57.6 million when compared to October estimates. This is still an overall decrease of \$38.7 million when compared to actual fiscal year 2020. The conference also increased estimates for fiscal year 2022 by \$296.4 million.

Although the conference acknowledged that \$5 billion in federal funds are helping to offset the economic fallout from the pandemic in Iowa, they pointed out that federal support is slowing. The conference will meet again in March to provide further analysis and updates of Iowa's revenue projections.

State general-fund revenue estimates are generated by the conference to arrive at consensus estimates to be used by the governor and Legislature for the budget process. The three-member conference is comprised of the governor's designee, the director of the Legislative Services Agency and a third person agreed to by the other members. The conference typically meets three times annually in March, October and December, but it can convene for exceptional circumstances.

Iowa Health Policy Oversight Committee will convene

The Health Policy Oversight Committee of the Iowa Legislature will meet at 12:30 pm Monday, Dec. 21, by videoconference. Click [HERE](#) to join online.

This committee is comprised of legislative leaders in health policy and is charged with oversight of Medicaid managed care to ensure effective and efficient administration of the program, address stakeholder concerns and monitor program costs and expenditures.



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