
Affordable Care Act Employer Mandates and Estimated Impact on Nursing Facilities

Legislative Health and Human
Services Committee

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ACA Implementation Checklist

Begin planning for providing minimum coverage to all employees.

- ✓ Determine number of full-time equivalent employees.
 - ✓ Determine each employee's full-time status or otherwise based on hours worked during "look-back" or "measurement" period.
 - ✓ Offer coverage to full-time equivalent employees
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ACA Implementation Checklist

Evaluate existing health plan or new health plan options to determine if they meet ACA requirements.

- ✓ Determine if existing or new plan offered meets the “Minimum Value” requirement.
 - ✓ Determine if existing or new plan offered is affordable by ACA standards. Ensure the plan offered has dependent coverage.
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ACA Implementation Checklist

Prepare for documentation requirements.

- ✓ Develop a system to track hours actually worked by each employee.

Begin reporting health care costs on employee W-2s.

- ✓ Review [specific IRS instructions](#).
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ACA Implementation Checklist

Develop a system for providing various required information to employees.

- ✓ Prepare to keep records of offers of coverage made, including employee acknowledgement.
- ✓ Provide the [Uniform Summary of Benefits and Coverage](#).
- ✓ Provide the Exchange Notice
- ✓ Provide [Employer Coverage Tool Information](#).

Estimating the Cost

- In NM there are approximately 70 Medicaid certified nursing facilities who serve an estimated 4000-4500 Medicaid patients.
- Approximately 40 facilities are managed by 5 large multi-state organizations.
- Some companies and a few facilities have developed their own estimates of ACA projected costs.
- For those facilities operated by smaller organizations or local boards, we worked with American Health Care Association to prepare estimates.

AHCA Models Estimates of ACA Cost

Compass Total Benefit Solutions, West Hartford, CT is working with AHCA providing analysis to facilities that have been asked for information such as:

- ✓ Employee Census – Excel Spreadsheet with Date of Birth, Date of Hire, annual earnings, Medical/Dental Enrollment Status (Single, EE+Spouse, EE+1 child; EE + 2 children, Family), etc.
- ✓ Employee Benefits – Copy of Plan Document, Trust Report and Servicing Agreement (401K), Recent Bills for All Lines of Insurance, Copy of Most Recent Rate Renewals, Summary of Coverage Documents, Stop Loss Contracts, Copy of any Administrative Service Agreements, and Large Claim Report for claims over \$25,000

AHCA Models Estimates of ACA Cost

Continued:

- ✓ 24 Month Claim Experience (where available) for Medical Dental Life, Short-Term and Long term Disability with detailed enrollment and claims information
- ✓ Employer Information – Employee Handbook, Employer Contributions by Line of Coverage, Company Industry including Standard Industry Code (SIC)
- ✓ Miscellaneous Information – Section 125 Vendor, Vision Plan Info, COBRA Administrator, Employee Assistance Program Detail

Estimated Totals

- After gathering information from companies, facilities and AHCA, we had annual impact estimates ranging from \$62,500-\$140,000 for approximately half of the facilities.
- We calculated a per facility cost average for 65 facilities since we have a few small hospital units in the Medicaid provider group of \$106,042
- We then applied these averages for all facilities to estimate the Medicaid impact.

Estimated Totals

- Estimated Annual ACA Cost for Medicaid Days at Nursing Facilities **\$5,169,545**
- State Share Annual ACA Cost for Nursing Facilities **\$1,602,559**
- Annual Market Basket Index (MBI) Inflation Increase of 2.7% Total Cost **\$6,075,000**
- State Share MBI Increase of 2.7% **\$1,883,250**
- Total MBI and ACA Costs for FY 2015 **\$3,500,000.**

Medicaid Funding Necessity

- Sustainable funding is critical for Quality of Life and Quality of care for Patients/Residents as well as Nursing Facility viability
- Net Income Margin for Nursing Facilities is less than 1% by van der Walde & Co. (2012)
- No Medicaid increase is expected in FY 2014
- Medicare cuts in the past 12-24 months result in dramatic reduction in subsidization of Medicaid Underfunding
- 65-75% of Nursing Facility Costs are for staff salary and benefits

2014 Budget Request

- We can't be more emphatic in our plea and support of Medicaid funding for *ACA costs as well as a market basket increase for nursing facility providers.*
- We are asking for the Committee's support of a state budget general fund allocation of \$3.5 million specifically for Medicaid nursing facility services in the FY 2015 budget.
- Thanks for all your consideration and interest in issues impacting our disabled and frail elderly population.

For more information, contact:

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