



MFTD Waiver Families

www.mftdwaiver.org
mftdwaiver@gmail.com

Facts and Figures on Medicaid Reimbursement Cuts and Private Duty Nursing

Overview

- As of May 1, 2015, Illinois has made a 16.75% across-the-board cut to Medicaid reimbursement rates.
- This cut is for the months of May and June only.
- A new budget will be in place as of July, but we do not know if these cuts will be continued, modified, increased, or eliminated at this time.

Services Affected

- RN, LPN, and CNA services will be cut by 16.75%
- All other home health services will be cut by 16.75%
- DME and supply reimbursement will be cut by 16.75%
- Therapy services reimbursement will be cut by 16.75%
- Physician reimbursement for pediatric subspecialists will be cut by 16.75%
- The following services are EXEMPT from the 16.75% cut:
 - General pediatric care (due to *Memisovski* consent decree)
 - Hospital care
 - Mental health services

New Fee Schedules

- An updated fee schedule is available at http://www2.illinois.gov/hfs/SiteCollectionDocuments/2015_hhfeeschedule.pdf
- Rates are as follows:
 - RN (Cook, DuPage, Kane, Will): \$29.16
 - LPN (Cook, DuPage, Kane, Will): \$25.92
 - RN (other counties): \$23.93
 - LPN (other counties): \$20.63
 - CNA: \$16.65

Fiscal Irresponsibility

- Based on 2012 data (the most recent complete data available), the state would only save about \$853,001 in May and June by reducing the reimbursement rate on MFTD Waiver children. (Note that NPCS children were not included in this analysis.)¹
- If just EIGHT (8) MFTD Waiver children are hospitalized for the two months of this reimbursement cut, all savings will be lost.²
- It costs six times as much to hospitalize a child than it does to provide private duty nursing care for the child at home.³

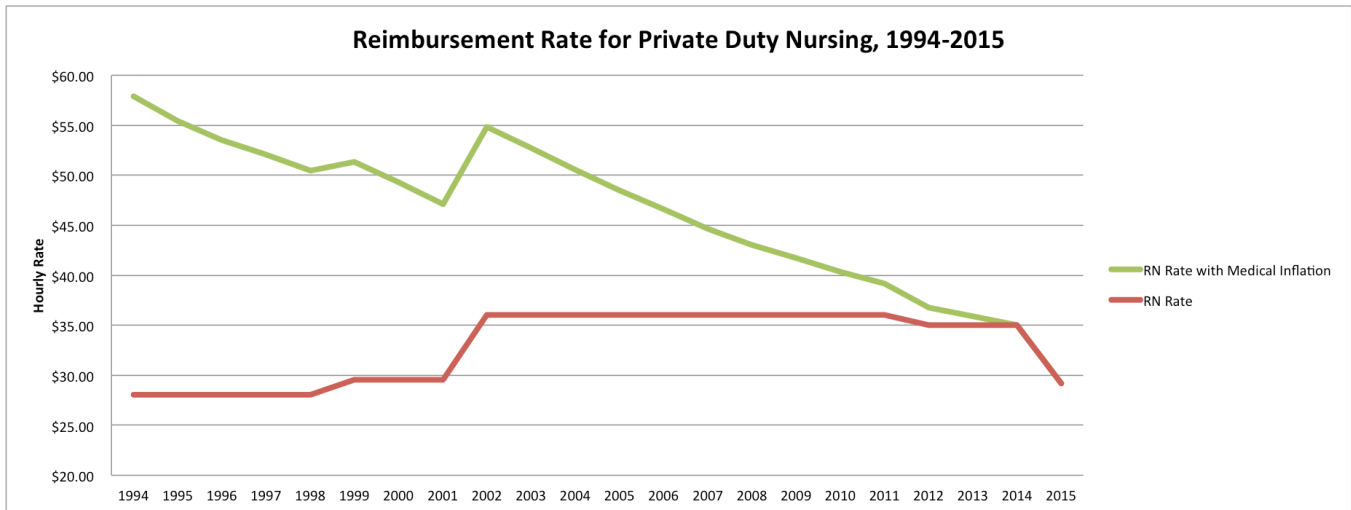
Facts on the Reimbursement Cut

- Even before the most recent reimbursement cut, families struggled to find nurses, in large part due to low reimbursement rates. A survey of families in January 2015 found that only 70% of approved and requested nursing care hours were staffed.
- According to the fee schedule (link on p. 1), Private Duty Nursing is the only home health service that was cut both in 2012 (due to the SMART Act) and in 2015.
- These two cuts combined represent a 19% total reimbursement cut since 2012.
- Reimbursement rates have not been increased in 13 years, since 2002.
- Adjusting for medical inflation, reimbursement rates have been cut by 50% over the past 20 years.
- The following graph represents the changes in reimbursement rates for urban RN cases over the past 20 years, based on information provided through a Freedom of Information Act request from HFS. The bottom line is the change in actual dollars. The top line is the change adjusted for medical inflation, using the Medical-Cost Inflation data set, which is part of the Consumer Price Index, using 2014 dollars.

¹ Data is from 2014 Report of Medicaid Services for Persons who are Medically Fragile, Technology Dependent, which can be found at <https://www2.illinois.gov/hfs/agency/Pages/2014MFTD.aspx>. The savings amount was calculated by taking the total cost of Private Duty Nursing for the 573 children who received it in 2012 and dividing by 12 to determine the monthly cost. The monthly cost was multiplied by 16.75% to determine the potential savings. Finally, this savings was multiplied by two to represent the savings over two months, and then divided by two since the federal government pays approximately 50% of the cost.

² This number was calculated using 2012 data, and a Medicaid inpatient cost of \$56,000 per month, per child.

³ We calculated this fact by comparing the yearly cost of inpatient hospitalization to Medicaid ($\$56,000 * 12 \text{ months} = \$672,000$) to the average annual cost of private duty nursing in 2012, which was \$106,650.



Reimbursement Rate Table (Urban Counties)

Year	RN rate	RN rate adjusted for medical inflation	LPN rate	LPN rate adjusted for medical inflation
1994	\$28.05	\$57.87	\$23.97	\$49.45
1995	\$28.05	\$55.38	\$23.97	\$47.32
1996	\$28.05	\$53.50	\$23.97	\$45.72
1997	\$28.05	\$52.05	\$23.97	\$44.48
1998	\$28.05	\$50.43	\$23.97	\$43.10
1999	\$29.55	\$51.33	\$25.47	\$44.24
2000	\$29.55	\$49.31	\$25.47	\$42.50
2001	\$29.55	\$47.14	\$25.47	\$40.63
2002	\$36.00	\$54.86	\$32.00	\$48.76
2003	\$36.00	\$52.75	\$32.00	\$46.88
2004	\$36.00	\$50.52	\$32.00	\$44.91
2005	\$36.00	\$48.49	\$32.00	\$43.10
2006	\$36.00	\$46.62	\$32.00	\$41.44
2007	\$36.00	\$44.66	\$32.00	\$39.69
2008	\$36.00	\$43.06	\$32.00	\$38.28
2009	\$36.00	\$41.73	\$32.00	\$37.09
2010	\$36.00	\$40.35	\$32.00	\$35.87
2011	\$36.00	\$39.18	\$32.00	\$34.82
2012	\$35.03	\$36.76	\$31.14	\$32.68
2013	\$35.03	\$35.87	\$31.14	\$31.88
2014	\$35.03	\$35.03	\$31.14	\$31.14
2015	\$29.16	\$29.16	\$25.92	\$25.92

The HUMAN Cost

- We anticipate that several nursing agencies will drop all of their Medicaid clients. These children are unlikely to find another agency willing to take them, and may end up in the hospital at six times the cost to Medicaid.
- We anticipate that most agencies will no longer accept Medicaid clients, meaning children waiting for home care will stay longer in the hospital.
- We anticipate that nurses in most agencies will receive a pay cut, at least temporarily, and that many will quit. This will again lead to children being hospitalized since nurses cannot be found to care for them at home.

Potential Legal Issues

- Illinois has an obligation under the Early Periodic Screening, Diagnostic and Treatment (EPSDT) provision of federal law [42 USC §1396d(r)] to provide private duty nursing to children who require it. They are also required to arrange for this care and ensure it is being provided [42 USC §1396a(a)(43)(C)]. Any change in policy or procedure that makes children unable to access private duty nursing may violate these laws.
- Illinois also must ensure that children have the right to live in community settings under the *Olmstead* decision, which clarified the Americans with Disabilities Act (ADA). Any change in policy or procedure that forces institutionalization or hospitalization on children may violate the ADA.

Future Steps

- MFTD Waiver Families will begin organizing a media and legislative strategy over the next few weeks.
- MFTD Waiver Families may initiate legal action if children are unable to access private duty nursing services or are subject to forced hospitalization.

Goals

- Short-term: An immediate exemption from the 16.75% reimbursement cut for pediatric private duty nursing, due to the medical vulnerability of this population.
- Long-term: Ensuring that reimbursement cuts to private duty nursing and other Medicaid services that affect children with complex medical issues are not included in the 2016 budget.