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HCAM Legislative Update
November 2009

New Computer Systems for Provider Reimbursement and Medicaid Eligibility Lead to Perfect Storm

Nursing Facility Providers Receive Double Blow Under Two New Computer Systems

This fall, the Michigan Department of Human Services (MDHS) went statewide with **Bridges**, the new Medicaid eligibility program for approving or disapproving individual's applications. Unfortunately, there have been significant problems for long-term care providers. Not surprisingly, the major issue involves significant delays with overdue cases still needing determination or other work. The uncompensated care is quickly adding up for many facilities leading to financial difficulties. HCAM has been working closely with MDHS to address these concerns. The department has acknowledged problems with Bridges as it relates to eligibility in long-term care due to the complexity of applications. MDHS has been making upgrades to the system as well as retraining caseworkers handling long-term care cases, but problems remain.

While nursing facilities struggle with the new Bridges Program, this September the Michigan Department of Community Health (MDCH) launched the **CHAMPS** system for processing Medicaid claims of residents residing in the facility. Facilities file monthly claims for each resident. Under the new CHAMPS system, claims are not being paid at all or only a fraction of the payment is received. For example, a provider billed the normal monthly amount of \$150,000 and received a check for \$27,000. Unpaid claims are quickly adding up for most providers in the state. Cash flow is essential to meet payroll for employees and to pay vendors for items such as food, utilities, medication and other supplies. Again, HCAM spoke with MDCH and they too are working to fix the system although, it may be some time before all problems are addressed. In the meantime, it has become so bad for some providers they have requested Advanced Payments or gone on the Medicaid Interim Payment System (MIPS). These mechanisms provide a more consistent cash flow to meet payroll liabilities until the CHAMPS System is fixed.

Providers Make Difficult Decisions In Face of Eight-Percent Cut...

New computer systems, massive cuts to Medicaid reimbursement, significant cuts to federal Medicare funding...the next several months will be some of the most difficult providers have faced in several years. The continued struggle and uncertainty of Michigan's economy brings additional concerns.

Certainly the eight-percent reduction to nursing facilities delivers a direct devastating blow. Overall, nursing facilities currently operate with the smallest overall margins amongst all health care providers. With nearly seventy-percent of nursing facility reimbursement used directly for employee wages and benefits...employee cutbacks and layoffs have begun for some providers. In the coming months HCAM will closely monitor and detail to legislators the effect of these changes and reductions in funding for facilities in their districts.

Our profession is people taking care of people. Many of Michigan's most vulnerable citizens rely on us for a voice and to advocate on their behalf. Adequate resources, both human and monetary are needed to provide the quality care our residents deserve and we are committed to providing. Under all reasonable scenarios the need for quality skilled nursing care remains and will continue to be a core government responsibility. We continue our commitment, but our elected officials need to understand it is a shared responsibility.

HCAM CONTACT

Please contact Melissa Samuel, Vice President of Government Services, at (517) 627-1561 if you have questions about HCAM's position on pending legislation or would like to work together to help Michigan's senior population.