

Protect Funding Lifeline for the Medicaid Program

Updated: 4.18.2024

States use the provider assessment program – also known as a quality fee or tax – to provide financing for the states’ share of Medicaid costs in the wake of state budget shortfalls and additional federal requirements. First established in the 1980s, 49 states and the District of Columbia¹ currently use the proceeds and corresponding federal matching funds from provider assessments to stabilize Medicaid rates and more adequately fund quality, long term care services. Thirty-two states and the District of Columbia (please see back of this brief) have established provider assessment programs for Intermediate Care Facilities for Individuals with Intellectual and Developmental Disabilities (ICF/IIDs). The maximum amount states can set their provider assessments at is 6 percent of inpatient revenue.

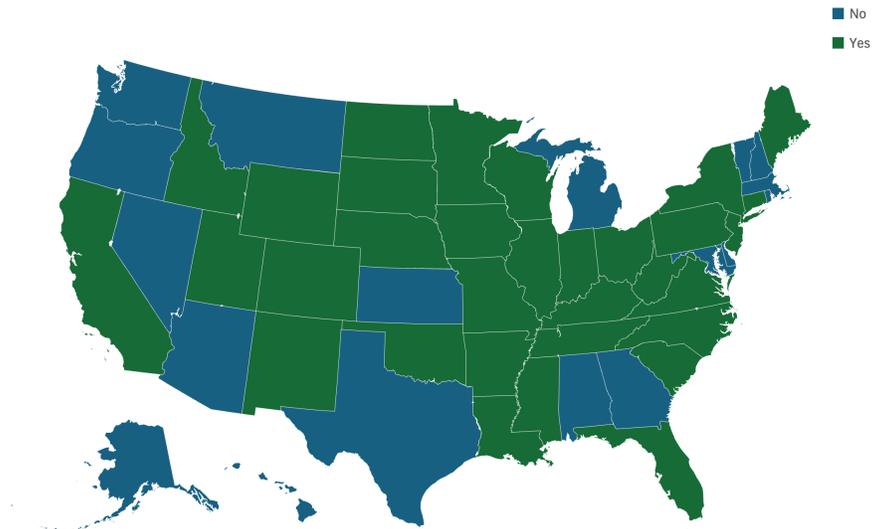
Over the years, various budget proposals have suggested reducing this maximum amount anywhere from 5.5 to 3.5 percent. Limiting states’ ability to use assessments to finance their Medicaid programs is misguided and harmful. Provider assessments have been used to help expand coverage, offer additional benefits, and increase reimbursement rates to providers, alleviating those gaps in patient access caused by inadequate reimbursement rates. Moreover, health care providers generally support paying these assessments because they benefit from participating in a robust, well-financed Medicaid program.

Additionally, provider assessments allow Medicaid-dependent providers to offer high-quality care despite chronically low reimbursement. In many cases, this additional financial resource allows providers to accept Medicaid patients without putting the viability of their centers at risk. Medicaid fails to fully reimburse hospitals, doctors, and long term care centers the total cost required to care for patients. At the center of this funding crisis are people receiving care in America’s nursing centers – 60 percent of whom rely on Medicaid to cover the cost of their care.

Federal budget challenges must be tackled in a careful, deliberate manner that does not undercut hardwon improvements in quality, long term care or undermine the tools states rely on to bring economic stability. AHCA agrees that the provider assessment program is not a long term funding solution and is committed to working with Congress to find a more permanent solution to the continuous underfunding of Medicaid. However, until such reform is achieved and long term care is properly funded, provider assessments are essential to help centers increase staff-to-patient ratios and enhance recruitment efforts to attract quality workers to care for people in nursing centers and ICF/IIDs.

1 - MACPAC. (2021). Health Care-Related Taxes in Medicaid. Medicaid and CHIP Payment and Access Commission. <https://www.macpac.gov/wp-content/uploads/2020/01/Health-Care-Related-Taxes-in-Medicaid.pdf>

ICF/IDD Taxes in Place, FY 2024



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ASK CONGRESS...

To oppose any legislative proposal that would reduce the Medicaid provider assessment rate or quality assessment fee.

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Provider Taxes in Place, FY 2024

State	Hospital	ICF/IDD	Nursing Facilities	MCO	Ambulance
Alabama	Yes	No	Yes	No	Yes
Alaska	No	No	No	No	No
Arizona	Yes	No	Yes	No	No
Arkansas	Yes	Yes	Yes	Yes	Yes
California	Yes	Yes	Yes	Yes	Yes
Colorado	Yes	Yes	Yes	No	No
Connecticut	Yes	Yes	Yes	No	No
Delaware	No	No	Yes	No	No
Washington, D.C.	Yes	Yes	Yes	Yes	No
Florida	Yes	Yes	Yes	No	No
Georgia	Yes	No	Yes	Yes	Yes
Hawaii	Yes	No	Yes	No	No
Idaho	Yes	Yes	Yes	No	No
Illinois	Yes	Yes	Yes	Yes	No
Indiana	Yes	Yes	Yes	No	No
Iowa	Yes	Yes	Yes	Yes	No
Kansas	Yes	No	Yes	Yes	No
Kentucky	Yes	Yes	Yes	No	Yes
Louisiana	Yes	Yes	Yes	Yes	Yes
Maine	Yes	Yes	Yes	No	No
Maryland	Yes	No	Yes	Yes	No
Massachusetts	Yes	No	Yes	No	Yes
Michigan	Yes	No	Yes	Yes	Yes
Minnesota	Yes	Yes	Yes	Yes	No
Mississippi	Yes	Yes	Yes	No	Yes
Missouri	Yes	Yes	Yes	No	Yes
Montana	Yes	No	Yes	No	No
Nebraska	No	Yes	Yes	No	No
Nevada	No	No	Yes	No	No
New Hampshire	Yes	No	Yes	Yes	No
New Jersey	Yes	Yes	Yes	Yes	No
New Mexico	No	Yes	Yes	No	No
New York	Yes	Yes	Yes	No	No
North Carolina	Yes	Yes	Yes	No	No
North Dakota	No	Yes	No	No	No
Ohio	Yes	Yes	Yes	Yes	No
Oklahoma	Yes	Yes	Yes	No	Yes
Oregon	Yes	No	Yes	Yes	No
Pennsylvania	Yes	Yes	Yes	Yes	No
Rhode Island	Yes	No	Yes	Yes	No
South Carolina	Yes	Yes	No	No	No
South Dakota	No	Yes	No	No	No
Tennessee	Yes	Yes	Yes	No	Yes
Texas	Yes	No	Yes	Yes	No
Utah	Yes	Yes	Yes	No	Yes
Vermont	Yes	No	Yes	No	Yes
Virginia	Yes	Yes	No	No	No
Washington	Yes	No	Yes	Yes	Yes
West Virginia	Yes	Yes	Yes	Yes	No
Wisconsin	Yes	Yes	Yes	No	Yes
Wyoming	Yes	Yes	Yes	No	Yes

Note: Washington Nursing Facility Provider Tax information provided by AHCA/NCAL State Affiliate and Partner.

Source: Elizabeth Hinton, E. W., Jada Raphael, Anna Mudumala, Robin Rudowitz, Kathleen Gifford, Aimee Lashbrook, Caprice Knapp, Beth Kidder, and Bill Snyder. (2023). Amid Unwinding of Pandemic-Era Policies, Medicaid Programs Continue to Focus on Delivery Systems, Benefits, and Reimbursement Rates. Kaiser Family Foundation. <https://files.kff.org/attachment/REPORT-50-State-Medicaid-Budget-Survey-for%20State-Fiscal-Years-2023-and-2024.pdf>