

## Requesting Legislative Assistance with ICF Rates

- The community ICF budget is a cost reimbursement system that reimburses ICF/IID providers to care for a very vulnerable population. When the 2021 Session concluded, we believed we were appropriately funded. When AHCA calculated the new rates, ICFs found out they were getting a 9.2% cut.
- The March 30, 2021, Social Services Estimating Conference estimated expenditures in the ICF/IID budget at \$283.6 million and the Legislature appropriated \$280.3 million. While this was a 5% increase from the 2020 appropriation of \$266.8 million it was still short of the increase to cover costs by \$29.6 million. The amount needed for 2021 was actually \$309.9 million. It is notable that while some years there will be slight appropriation variations and we might be cut a percent or two this is far too deep of a cut to absorb.
- During the pandemic providers costs drastically increased. AHCA said the costs increased more than they anticipated which is why their estimate was off. AHCA said this year was the perfect storm. We also had a large change of ownership, which allowed that provider to rebase their rates. This ate up nearly the entirety of the additional \$13 million appropriated.
- Since the ICF rate methodology is cost based when there is a drastic cut like this it has long term effects. Providers being forced to reduce their costs by 9.2% will mean that rates next year will likely be low as a reflection of this year, thus making it hard for providers to climb out of this hole. We predict many providers will either go out of business or merge so they can rebase and increase their rates to cover expenses.
- There are many complexities contributing to this issue. The ICF proviso was amended a number of years back to cap reimbursement to the amount appropriated. This doesn't work well for a reimbursement system that is supposed to reimburse costs, especially when the estimate can be so far off.

### Remedy

- **Short-Term:** We ask that you help make providers whole from this year's shortfall. This can be done by shifting funds so providers can receive needed funding quickly or with a back of the bill fix.
- **Long-Term:** The ICF proviso language needs to be updated so our rates are not capped, leading to additional unintended cuts.