



Department of Health & Human Services, Centers for Medicare & Medicaid Services

Tribal Nursing Home Best Practices

Financial Sustainability



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Introduction

Across Indian Country, nursing homes run by tribes and American Indian and Alaska Native (AI/AN) organizations offer culturally appropriate long-term care for elders in settings close to their homes and communities. To finance long-term care, many facilities coordinate funds from multiple sources. Managing these funding sources and establishing the flexibility to meet evolving or unexpected demands requires thorough financial planning. Through close partnership with their tribe, state, and federal partners, many tribal nursing homes and skilled nursing facilities have achieved financial sustainability.

Based on guidance from successful AI/AN long-term care programs, this report provides an overview of several common funding strategies for tribal nursing homes, including Medicaid reimbursements and tribal support. It describes the approaches that four AI/AN long-term care organizations use to ensure financial sustainability for their programs. The approaches outlined in this report include financial planning, enhanced Medicaid reimbursement rates, and tribal support.

Administrators from the following programs shared their approaches to financial sustainability and offered recommendations for other tribal nursing homes.

- **Archie Hendricks, Sr., Skilled Nursing Facility**, operated by the Tohono O’odham Nation in Sells, AZ
- **Morning Star Care Center**, operated by the Shoshone Tribe of the Wind River Reservation in Fort Washakie, WY
- **Native American Health Management**, an organization that supports tribes and AI/AN organizations in establishing and managing nursing homes
- **Utuuqanaat Inaat Nursing Home**, operated by the Maniilaq Association in Kotzebue, AK

This report summarizes input from these organizations and highlights examples and specific recommendations for each financial sustainability strategy discussed.

Planning for financial sustainability

“You have to be realistic in terms of what the needs are—what the clinical needs are—and then what it takes to take care of them.”

– Val Kreil, Administrator, Utuuqanaat Inaat Nursing Home

To sustain long-term care programs into the future and ensure elders continue to have access to local, culturally appropriate care, program administrators emphasized the importance of planning ahead for financial sustainability. To achieve financial sustainability, a program’s expenses must not exceed its revenue.

Tribal Nursing Home Best Practices Financial Sustainability

Prior planning helps ensure a facility can cover costs even when unexpected expenses arise or the number of residents decreases, causing a reduction in revenue. Nursing homes should create a margin for covering unforeseen costs by regularly setting aside funds. In some cases, the tribe may help subsidize unexpected expenses. Frequent communication with state regulatory programs helps alert nursing home leadership to upcoming regulations so they can start financially preparing to implement them.

A needs assessment is crucial to identify what expenditures to incorporate into the nursing home budget. Some expenses to consider during the needs assessment include mortgage payments, operating costs, and staff wages and benefits. Planning should also entail an examination of the cost of the services required to address the clinical needs of the residents, since each facility's population has a unique set of care needs.

Staff expertise on the policies and processes related to funding, from Medicaid and Medicare, promotes financial sustainability. Accurate recording and documentation of services is key to receiving the appropriate reimbursements. Because these programs can be complex to navigate, recruiting employees who have this expertise and training current staff on properly billing and enrolling elders in these programs are important investments in sustaining a facility. However, retaining an expert workforce often poses a challenge, especially in rural areas. Successful tribal nursing home budgets allocate sufficient wages and benefits to attract and retain employees. For example, the Utuqqanaat Inaat Nursing Home budgets enough funds to pay 100% of employee insurance premiums and provide 30 days of annual paid leave.

“You've really got to have someone in your organization who has a good grasp on the complexity of Medicaid and Medicare. If you don't, it's going to cost you a lot of money as an organization to finally get it straightened out.”

– Rick Richards, CEO, Archie Hendricks, Sr. Skilled Nursing Facility

What works for us: Financial planning

The **Archie Hendricks, Sr., Skilled Nursing Facility** sets financial goals as part of annual strategic planning and tracks those goals through monthly reports to the tribal council. To develop the strategic plan, the facility's board and leadership team review the previous year's goals and accomplishments and set new goals for the upcoming year. Each month, the program submits a report to the tribal council that specifies the number of patients, funding sources for each patient's care, and the program's financial situation and progress toward its financial goals.

Currently, the **Morning Star Care Center** is updating its 5-year budget plan. This long-term financial planning will guide them in setting aside funds so they can sustain operations if their number of residents decreases. The program uses data on previous expenses to plan for future costs. For example, they determine anticipated wage and benefits costs for the upcoming year by calculating the average expenditures on wages and benefits from the previous 3 years.

Recommendations

The program administrators provided the following financial planning recommendations for tribal nursing homes.

- Recruit at least one employee who has 5 or more years of experience working with Medicaid and Medicare.
- Ensure all individuals who will help manage the budget have a chance to contribute to the planning process.
- Be realistic about clinical expenses based on the patient needs, as identified through a needs assessment.
- Create a detailed plan that identifies how costs will change based on varying increases or decreases in the number of residents.
- Work with federal and state regulatory agencies in a collaborative spirit, ask questions, and stay up-to-date on new or changing regulations.
- Plan for revenues and expenses realistically. Labor costs will be your highest expense, and managing these is important for success.

Funding sources

Tribal nursing homes often combine multiple funding sources to finance long-term care. Types of financial support may include tribal subsidies, grants, private pay from nursing home residents, and funding from Medicaid and Medicare for patients who are enrolled in these programs. While the available funding sources vary for each program, many tribal nursing homes use a combination of funding from Medicaid and support from the tribe to sustain their programs. The following sections describe these common funding mechanisms and present related insights and recommendations from AI/AN long-term care programs.

Medicaid

Medicaid, the primary funder for long-term services and support (LTSS), reimburses facilities for eligible services provided to nursing home residents who are enrolled in Medicaid. Facilities should assist all Medicaid-eligible residents with enrolling in Medicaid so the nursing home receives reimbursement for services provided to those residents. Some elders who are eligible for Medicaid hesitate to enroll due to the complexity of the process or reservations about sharing their personal information. Having experts on staff to guide elders through applying for Medicaid may help them overcome challenges to enrolling.

“For a tribal facility working in a state with a decent reimbursement rate, an enhanced Medicaid reimbursement rate makes all the difference between being able to financially sustain that facility or requiring the tribe to subsidize it.”

– Ron Ross, CEO, Native American Health Management

What works for us: Enrolling elders in Medicaid

To maximize funding from Medicaid, the **Morning Star Care Center** begins the enrollment process for unenrolled, Medicaid-eligible elders as soon as the facility begins considering the elder for admission. Program staff assist residents and potential residents with enrolling in Medicaid.

“I think that’s the biggest problem, is people don’t understand, especially your older Natives who speak their own language more than they speak English, trying to figure out all the forms, trying to understand all the government red tape. We call the Medicaid office right away and say, ‘Here’s this potential admission.’ And we just try to all work together. But the families definitely need help if they are not already on Medicaid; they need somebody to help them.”

– Tami Reed, Administrator, Morning Star Care Center

The **Utugqanaat Inaat Nursing Home** employs a social worker who can meet with elders or their families to discuss Medicaid enrollment and support them as they work through the enrollment process. The social worker can help them gather the required information, such as income verification. If an elder receives too much income to qualify for Medicaid, the social worker can assist them in setting up a qualified income trust, which redirects some of the elder’s income so they can become eligible.

Enhanced Medicaid reimbursement rates

Since Medicaid is a state-managed federal program, CMS reimburses states for a portion of their Medicaid expenses. The states, in turn, reimburse tribal facilities for the Medicaid-eligible services they provide.¹ The percentage of the cost that CMS reimburses, known as the Federal Medical Assistance Percentage (FMAP), varies based on a state's per capita income. In all states, services provided to Medicaid-eligible AI/AN patients in tribal or Indian Health Service (IHS) facilities qualify for 100% FMAP.

To be eligible for 100% FMAP, tribal nursing homes must work with their tribe to:

- Establish a P.L. 638 contract or compact with IHS or amend the tribe's existing agreement with IHS to include specific language about the types of LTSS the nursing home offers
- Ensure the tribal health department either oversees the program or provides the LTSS
- Ensure the tribe collaborates with the state Medicaid office to amend the state plan to include 100% FMAP and negotiate to receive an enhanced reimbursement rate for the tribe's LTSS programs.

Discussions with the tribe and the state to achieve an enhanced reimbursement rate should occur early in the financial planning process. The tribe should also engage in conversations with the state Medicaid office to ensure decision makers understand how 100% FMAP and enhanced reimbursement rates benefit both parties. For example, states benefit from 100% FMAP because they receive full reimbursements for Medicaid services provided to eligible AI/AN patients in tribal facilities. With these savings, states can then afford to reimburse tribes for Medicaid services at enhanced rates. For tribal nursing facilities, these enhanced reimbursement rates are often the most significant factor of financial sustainability, especially for facilities in isolated areas that face financial challenges, like elevated costs for food and supplies or onsite housing expenditures for staff to help them avoid long-distance commutes. Other key points of contact may include state senators and representatives and the governor's office, who can help advocate for tribal needs.

¹ More information about working with states to help fund LTSS is available on [CMS.gov](https://www.cms.gov).

What works for us: Negotiating an enhanced rate

When the Shoshone Tribe of the Wind River Reservation could no longer subsidize the cost of its nursing home, the tribe entered into a P.L. 638 contract with IHS. Then, the tribe worked with the state of Wyoming to negotiate an enhanced reimbursement rate, which now provides the primary revenue source for the **Morning Star Care Center**.

Native American Health Management supported the Oglala Sioux Tribe in communicating with the Nebraska legislature about 100% FMAP and negotiating an enhanced reimbursement rate. Upon learning that the federal government would reimburse the state for all Medicaid costs for eligible tribal citizens, they were amenable to an enhanced rate.

“At that kind of a rate, you can pay your operating costs, your food, your labor, your supplies, and still have some money left over so that you can put your money towards a down payment on a new building. Then, once you're in a new building, that rate should pay for the mortgage, as well as the operating costs.”

– Ron Ross

Recommendations

The program administrators provided the following recommendations for tribal nursing homes related to Medicaid reimbursements.

- If your tribe does not have a P.L. 638 contract or compact with IHS, work with your tribe to begin that process so your program can become eligible to receive an enhanced Medicaid reimbursement rate.
- Work to develop and maintain a good relationship with the state, and start conversations about enhanced Medicaid reimbursement rates early in the planning process.
- Understand your state's reimbursement system and how rate increases are determined.

Tribal support

Financial support from the tribe can help fund various aspects of a tribal nursing home's expenses, from startup funds for a new facility to regular subsidies to help nursing homes cover operating costs. Tribal nursing facilities have the unique challenge of balancing compliance with the regulatory agency and the tribal subsidy requirements. To achieve this balance, the facility should strive for open, ongoing communication and partnership with both parties.

What works for us: Tribal support

The **Archie Hendricks, Sr. Skilled Nursing Facility** receives an annual subsidy from the tribe and has established an effective partnership with the tribe to ensure the program runs smoothly and uses tribal funds effectively. While the tribal health committee oversees the program, the skilled nursing facility board handles the day-to-day operations. The board provides regular updates to the tribal council to demonstrate how tribal funds help them meet the nursing home residents' needs. To balance compliance with the regulatory agencies and the tribe, the facility continually educates and openly communicates with all payers.

“You don't just educate your council members once about contract compliance, and you don't just educate your surveyors about cultural compliance for your tribe. It's an ongoing education.”

– Rick Richards

Recommendations

The program administrators provided the following recommendation for tribal nursing homes related to tribal support.

- To balance agency compliance with tribal requirements, strive for open, ongoing communication and partnership with both parties.

Conclusion

Tribal nursing homes provide settings where elders can age comfortably in culturally appropriate, community-based settings. Creating a financially sustainable program helps ensure these services will remain available to elders in the future. Tribal nursing homes and skilled nursing facilities across Indian Country have successfully established financially sustainable programs by engaging in thorough financial planning, such as preparing for unexpected expenses, conducting a needs assessment, and recruiting staff with expertise in billing Medicaid and Medicare.

To achieve financial sustainability, tribal nursing homes often balance multiple funding sources. Many tribal nursing homes and skilled nursing facilities primarily receive revenue through Medicaid reimbursements and tribal support. By partnering closely with their tribe and state, some tribal nursing homes have negotiated enhanced Medicaid reimbursement rates that help them continue to care for the needs of their elders.