The Facts About the Skilled Nursing Facility Upper Payment Limit Program

What is most important to know about Utah's UPL program?

Before the State of Utah adopted, and before Beaver Valley Hospital, other hospitals, and dozens of nursing facilities joined the Skilled Nursing Facility Upper Payment Limit (UPL) program beginning in 2013, long-term care for seniors across the state was in crisis.

Utah nursing facilities were receiving nearly $100 less per Medicaid patient per day than the actual cost to providing healthcare services to those patients, leaving many on the verge of closure and losing millions of dollars per year caring for Medicaid patients. By establishing the UPL program, the state, Beaver Valley Hospital and others have helped offset some of those losses in rural and urban communities around the state, keeping facilities open, stabilizing care, and ensuring vulnerable seniors are not left without nursing care options. In many cases, the UPL program has literally been the difference between facilities surviving or shutting their doors.

The simple concept of the UPL program is for the state to receive additional federal funds to help make up the gap between what Medicaid pays for patient care, and what Medicare would pay for that same patient care. It is important to note that even the higher Medicare rates are barely adequate to cover the cost of daily care for a resident.

Utah accesses UPL dollars via Non-State Governmental Organizations, including rural hospitals. Since its inception, Beaver Valley Hospital has meticulously followed every state and federal rule and regulation of Utah's UPL program, which is one of the most rigorously regulated programs of this type in the country. The hospital has remained in full compliance with this oversight. The results of the program have been dramatic. In addition to improving day-to-day care, UPL program dollars have been used to directly improve patient dignity and outcomes, and to attract and retain qualified staff. Without the UPL program, long-term Medicaid-based care throughout Utah would be severely compromised. With the program, the state, Beaver Valley Hospital, and others have ensured that many facilities have not only

remained open, but have steadily improved, positioning Utah to meet its growing eldercare needs.

What checks and balances are in place?

Utah's UPL program is one of the most rigorously regulated programs of its kind in the nation, and Beaver Valley Hospital has followed all UPL program rules and regulations since the program's inception in 2013. With the requirements of regular audits, consistent detailed reporting, and strict oversight at both the state and federal levels, accountability is built into every step, which makes misusing funds virtually impossible.

How do UPL facilities perform?

Challenges reflected in the Centers for Medicare and Medicaid Services and other survey data are not unique to Beaver Valley Hospital or other hospitals and facilities in the program, rather such issues are national in scope. Nursing facilities everywhere face similar pressures in terms of quality measures and staffing. When issues are identified with facilities licensed by Beaver Valley Hospital, these are addressed, and steps are taken to improve care. It is important to underscore that these facilities care for some of the most complex patients in our state. Without UPL funding, many would not be able to keep their doors open, let alone improve. With this program, they are not only remaining open but making steady strides in quality of care. While data from the Centers for Medicare and Medicaid Services and others can capture snapshots of challenges, it doesn't always capture qualitative progress over time, and UPL funds are frequently what make that progress possible.

How do UPL skilled nursing facilities perform when compared to other facilities?

Some parties have tried to equate the performance of UPL facilities and non-UPL facilities, which is not a fair apples-to-apples comparison. Virtually every Medicaid facility in Utah participates in the UPL program, while non-UPL facilities serve different populations and are often supported by private-pay and insurance resources using more diversified operating models. They provide a different service to a different type of patient.

Within the UPL program, quality varies because these facilities care for some of the most complex and vulnerable patients in our state. UPL facilities also face unique operational challenges, compounded by macroeconomic realities such as a shortage of skilled nursing staff and rising operating costs that

affect the entire industry. What matters most is that the UPL program is supporting and lifting Utah's ability to care for vulnerable seniors with no additional cost to Utah taxpayers: without the UPL program, the State of Utah would feel pressured to find more than $100 million in funding for Medicaid patient care every year. Ultimately, the UPL program is a long game, with the goal of sustained improvements that continue to strengthen the quality of eldercare in Utah over time.

Why is there litigation?

Beaver Valley Hospital takes complaints seriously and works with partners who provide care to address concerns both at the individual level and systemwide. It is important to note that the number of pending lawsuits represents a very small fraction of the thousands of seniors who receive care in these facilities each year. Unfortunately, some malpractice attorneys have sought to misrepresent or exploit the complexities of the UPL program for their own self-interests. While challenges in Utah's nursing care facilities exist, as they do across long-term care nationwide, Beaver Valley Hospital remains committed to continuous improvement and to supporting the compassionate professionals who care for Utah's most vulnerable seniors.

How is staffing a challenge at UPL facilities?

The challenge is not a lack of funding, but a lack of people. Staffing shortages are not unique to the facilities Beaver Valley Hospital licenses but are part of a statewide and national crisis. There simply are not enough qualified nurses, CNAs, or other staff to meet demand. While nursing positions can be budgeted, facilities cannot hire staff who don't exist, and every facility competes for the same limited pool of professionals. Without UPL program dollars, finding and retaining qualified staff would be that much more difficult. It's worth noting that the dramatic, post-pandemic increase in staffing and other costs has resulted in more expenses than UPL program dollars can offset. Even so, these funds have helped stabilize these dramatic cost increases, and the teams at UPL facilities work tirelessly to deliver the best care possible under challenging circumstances.

Are UPL Funds used to build facilities?

While it is allowed under the program to use UPL funds to improve or build health care facilities (since those upgrades directly improve patient care), most of the UPL funds are used to improve patient care and to cover patient care expenses arising from the Medicaid shortfall that makes long-term Medicaid care financially unsustainable. By stabilizing operations in this way, UPL funds put participating nursing care facilities in a better position to qualify for financing, which, in turn, allows them to make critical improvements and upgrades. These improvements directly enhance patient care. For example, when Beaver Valley Hospital's UPL program began in 2013, many facilities still had multi-resident rooms and communal showers. Today, thanks to UPL funds and effective management, seniors at many of those same facilities now benefit from private rooms, modern living spaces, and other changes that improve care, safety, dignity, and quality of life. Better facilities also make it easier to recruit and retain qualified caregivers.

How did Beaver Valley Hospital fund its Wellness Center?

The new wellness center is being funded through Beaver Valley Hospital's operating funds. These operating funds include the portion of UPL dollars that are permitted by the UPL program for Beaver Valley's participation in the program. Without these administrative funds, Beaver Valley Hospital and other Non-State Governmental Organizations would have little reason to take on the significant work and responsibilities of the UPL program. For 13 years, Beaver Valley Hospital has carefully managed and saved its UPL administrative funds and is now able to reinvest those proceeds to help fund a hospital upgrade and a new Wellness Center for Beaver residents. This reflects both frugality and foresight; using allowable resources to improve rural health. The result is a win-win: better care for seniors statewide and stronger health outcomes over time for the communities in Beaver County.

Is Beaver Valley Hospital actively involved in day-to-day oversight and operations at its UPL care facilities?

Beaver Valley Hospital's role in the UPL program is to oversee compliance; seasoned elder care facility managers provide the day-to-day patient care. These are highly specialized professionals who have dedicated their careers to serving seniors. Beaver Valley Hospital oversees and empowers these experts to do what they do best. This structure ensures that residents receive care from professionals with the right skills, training, and compassion. The result is

high-quality care for seniors, enhanced by the financial impact of the UPL program.

How is Beaver Valley Hospital connected to Beaver City?

Beaver Valley Hospital is a component unit of Beaver City, and that structure is what qualifies it to participate in the UPL Program as a non-state government entity.

Is Utah's UPL program like Indiana or other states?

When Utah launched its UPL program in 2013, it researched and analyzed Indiana and other programs around the country for guidance and models for checks and balances. But Utah didn't stop there; state leaders added even more oversight to ensure the improved delivery of healthcare services. The Utah Department of Health and Human Services increased transparency, strengthened controls, and introduced quality metrics to ensure the additional money from the federal government is used as intended. While an issue arose in one other state more than 12 years ago, this hasn't been the case in Utah because its UPL program is more carefully managed by the state, more transparent, and more rigorously regulated, making it virtually impossible to misuse funds.

How did Utah's UPL facilities perform during COVID?

Many UPL facilities in Utah, including several that have a UPL-based relationship with Beaver Valley Hospital, converted fully to serve COVID patients and provide COVID-specific care during the pandemic at the request of the State of Utah to protect patients who had not contracted the virus. This was incredibly challenging for those staffing these facilities, because the losses to COVID were significantly higher in a setting in which many patients were critically ill. This explains why outcomes related to COVID were starker at UPL facilities overall.

How much UPL funding is used to administer the program?

The financial structure of the UPL program is complex and highly regulated by the government. As a result, it is often oversimplified. For example, there was a misperception in 2017 that more than half of UPL funds for Beaver Valley Hospital facilities go to Beaver Valley Hospital for participating in the program. This misperception ignores the enormous matching seed funds the hospital is required to pay to the state each quarter to participate in the program. Those matching funds are returned to the hospital for its use in routine healthcare operations. In short, the vast majority of UPL funds are

used by nursing facilities to provide patient care, and the remaining, much smaller portion is used by the hospital to improve access to care and health services provided by the hospital.

What would happen without Utah's UPL Program?

Without the UPL program, long-term care across Utah would face devastating consequences. Vulnerable seniors would lose access to essential care as facilities close or cut services. Beaver Valley Hospital and all other hospitals would see increased strain on their own resources, as more seniors would be forced to remain at home in potentially dangerous conditions instead of receiving care that should be delivered by nursing facilities. Additionally, Utah would forfeit more than 100 million dollars in federal funds each year, leaving Utah families and taxpayers to bear the financial burden and stress of caring for their loved ones. The result would be poorer care, fewer options, higher costs, deteriorating or closed facilities, and a crisis for elder care throughout the state.