

HUMAN SERVICES DEPARTMENT[441]

Adopted and Filed

Pursuant to the authority of Iowa Code section 249A.4 and 2014 Iowa Acts, chapter 1140, sections 54 and 65, the Department of Human Services amends Chapter 79, “Other Policies Relating to Providers of Medical and Remedial Care,” Iowa Administrative Code.

These amendments address disproportionate share hospital (DSH) payments and require that only hospitals in Iowa, including children’s hospitals, may qualify for DSH payments. The amendments also remove the requirement that a children’s hospital must be a “voting” member of the National Association of Children’s Hospitals and Related Institutions and, in turn, require that a children’s hospital only be a member of this association.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 1619C** on September 3, 2014. The Department received no comments during the comment period. These amendments are identical to those filed under Notice of Intended Action.

The Council on Human Services adopted these amendments on October 8, 2014.

These amendments do not provide for waivers in specified situations because requests for the waiver of any rule may be submitted under the Department’s general rule on exceptions at 441—1.8(17A,217). After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code section 249A.4 and 2014 Iowa Acts, chapter 1140, section 54.

These amendments will become effective January 1, 2015.

The following amendments are adopted.

ITEM 1. Amend paragraph **79.1(5)“a,”** definition of “Children’s hospitals,” as follows:

“*Children’s hospitals*” shall mean hospitals with inpatients predominantly under 18 years of age. For purposes of qualifying for disproportionate share payments from the graduate medical education and disproportionate share fund, a children’s hospital is defined as a duly licensed hospital that:

1. Either provides services predominantly to children under 18 years of age or includes a distinct area or areas that provide services predominantly to children under 18 years of age, and
2. Is a voting member of the National Association of Children’s Hospitals and Related Institutions for dates of service prior to October 1, 2014, or a member of the National Association of Children’s Hospitals and Related Institutions for dates of service on or after October 1, 2014.

ITEM 2. Amend subparagraph **79.1(5)“m”(2)** as follows:

(2) Hospitals that qualify for disproportionate share payment based on the definition established by their state’s Medicaid agency for the calculation of the Medicaid inpatient utilization rate will be eligible to receive disproportionate share payments according to paragraph 79.1(5)“y,” for dates of service prior to October 1, 2014. Out-of-state hospitals do not qualify for disproportionate share payments for dates of service on or after October 1, 2014.

ITEM 3. Amend subparagraph **79.1(5)“m”(3)** as follows:

(3) ~~If a hospital qualifies for reimbursement for direct medical education or indirect medical education under Medicare guidelines, it shall be reimbursed according to paragraph 79.1(5)“y.”~~ Out-of-state hospitals do not qualify for direct medical education or indirect medical education payments pursuant to paragraph 79.1(5)“y.”

ITEM 4. Amend paragraph **79.1(5)“y”** as follows:

y. *Graduate medical education and disproportionate share fund.* Payment shall be made to hospitals in Iowa qualifying for direct medical education, indirect medical education, or disproportionate share payments directly from the graduate medical education and disproportionate share fund. The requirements to receive payments from the fund, the amounts allocated to the fund, and the methodology used to determine the distribution amounts from the fund are as follows:

- (1) to (9) No change.

(10) Qualifying for disproportionate share as a children's hospital. A licensed hospital qualifies for disproportionate share payments as a children's hospital if the hospital provides services predominantly to children under 18 years of age or includes a distinct area or areas providing services predominantly to children under 18 years of age, ~~is a voting member of the National Association of Children's Hospitals and Related Institutions,~~ and has Medicaid utilization and low-income utilization rates of 1 percent or greater for children under 18 years of age at the time of admission in all distinct areas of the hospital where services are provided predominantly to children under 18 years of age. In addition, the hospital must be a voting member of the National Association of Children's Hospitals and Related Institutions for dates of service prior to October 1, 2014, or a member of the National Association of Children's Hospitals and Related Institutions for dates of service on or after October 1, 2014.

A hospital wishing to qualify for disproportionate share payments as a children's hospital for any state fiscal year beginning on or after July 1, 2002, must provide the following information to the Iowa Medicaid enterprise provider cost ~~audits~~ audit and rate setting unit within 20 business days of a request by the department:

1. Base year cost reports.
2. Medicaid claims data for children under the age of 18 at the time of admission to the hospital in all distinct areas of the hospital where services are provided predominantly to children under 18 years of age.
3. Other information needed to determine a disproportionate share rate encompassing the periods used to determine the disproportionate share rate and distribution amounts.

[Filed 10/8/14, effective 1/1/15]

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 10/29/14.