

**HUMAN SERVICES DEPARTMENT[441]**

**Adopted and Filed Emergency**

Pursuant to the authority of Iowa Code section 249A.4 and 2008 Iowa Acts, Senate File 2425, section 32(13), the Department of Human Services amends Chapter 78, “Amount, Duration and Scope of Medical and Remedial Services,” Chapter 79, “Other Policies Relating to Providers of Medical and Remedial Care,” and Chapter 83, “Medicaid Waiver Services,” Iowa Administrative Code.

These amendments reflect the following changes in Medicaid reimbursement rates enacted in 2008 Iowa Acts, Senate File 2425:

- Rate limits for the following provider categories are increased by 1 percent: advanced registered nurse practitioner, ambulance, ambulatory surgical center, audiologist, birth center, chiropractor, clinic, dentist, durable medical equipment and supply dealer, family planning clinic, hearing aid dispenser, home- and community-based habilitation services, home health agency, lead inspection agency, maternal health center, optician, optometrist, orthopedic shoe dealer, physical therapist, podiatrist, physician, psychologist, remedial services, and screening center.

- Rates for hospital inpatient and outpatient services (other than at critical access hospitals) are increased by 1 percent. The 1 percent increase has been incorporated into the new ambulatory payment classification rates and hospital outpatient fee schedule adopted in **ARC 6889B**, published herein. Funds for hospital reimbursement for direct and indirect medical education and disproportionate share payments are also increased by 1 percent to provide a 1 percent increase in reimbursement.

- The maximum reimbursement rate for inpatient care in a psychiatric medical institution for children is raised to \$167.19 per day. Rates for outpatient day treatment are increased by 1 percent.

- The dispensing fee for drugs is raised to \$4.57.

- Rates for the following home- and community-based waiver services are increased by 1 percent: adult day care, assistive devices, behavioral programming, case management (except for the elderly waiver), chore service, counseling, emergency response system, family and community support, family counseling, financial management, home-delivered meals, home health aide, homemaker, independent support broker, in-home family therapy, interim medical monitoring and treatment, nursing care, nutrition counseling, prevocational services, respite care, senior companion, supported community living, and supported employment. Elderly waiver case management reimbursement is defined in a different section of the Department’s appropriations bill and is not included in the 1 percent increase. Consumer-directed attendant care providers have a rate increase of 3 percent. Monthly caps on waiver services are increased by 3 percent to accommodate the increase in provider rates. Annual or lifetime caps on home and vehicle modification and specialized medical equipment are increased by 1 percent.

Some language revisions have been made to clarify current policy for air ambulance services, home health aides, nursing care, home health agencies (including respite care and interim medical monitoring and treatment), and outpatient hospital care.

These amendments do not provide for waivers in specified situations, since a rate increase benefits the providers affected. Requests for the waiver of any rule may be submitted under the Department’s general rule on exceptions at 441—1.8(17A,217).

The Council on Human Services adopted these amendments on June 11, 2008.

In compliance with Iowa Code section 17A.4(2), the Department finds that notice and public participation are unnecessary and impracticable because these amendments implement 2008 Iowa Acts, Senate File 2425, section 32, which authorizes the Department to adopt rules without notice and public participation and requires the increases to be effective July 1, 2008.

The Department also finds, pursuant to Iowa Code section 17A.5(2)“b”(1), that the normal effective date of these amendments should be waived, as authorized by 2008 Iowa Acts, Senate File 2425, section 32, subsection 13.

These amendments are also published herein under Notice of Intended Action as **ARC 6901B** to allow for public comment.

These amendments are intended to implement Iowa Code section 249A.4 and 2008 Iowa Acts, Senate File 2425, section 32, subsections 1, 8, and 10.

These amendments became effective July 1, 2008.

The following amendments are adopted.

ITEM 1. Amend paragraph **78.34(9)“g”** as follows:

g. Service payment shall be made to the enrolled home and vehicle modification provider. If applicable, payment will be forwarded to the subcontracting agency by the enrolled home and vehicle modification provider following completion of the approved modifications. Payment of up to ~~\$6,000~~ \$6,060 per year may be made to certified providers upon satisfactory completion of the service. The service worker shall encumber up to \$500 per month within the monthly dollar cap allowed for the consumer until the amount of the modification is reached within the 12-month period.

ITEM 2. Amend paragraph **78.43(5)“g”** as follows:

g. Service payment shall be made to the enrolled home and vehicle modification provider. If applicable, payment will be forwarded to the subcontracting agency by the enrolled home and vehicle modification provider following completion of the approved modifications. Payment of up to ~~\$6,000~~ \$6,060 per year may be made to certified providers upon satisfactory completion of the service. The service worker shall encumber up to \$500 per month within the monthly dollar cap allowed for the consumer until the amount of the modification is reached within the 12-month period.

ITEM 3. Amend paragraph **78.43(8)“a”** as follows:

a. Consumers may receive specialized medical equipment once per month until a maximum yearly usage of ~~\$6000~~ \$6,060 has been reached.

ITEM 4. Amend paragraph **78.46(2)“g”** as follows:

g. Service payment shall be made to the enrolled home and vehicle modification provider. If applicable, payment will be forwarded to the subcontracting agency by the enrolled home and vehicle modification provider following completion of the approved modifications. Payment of up to ~~\$6,000~~ \$6,060 per year may be made to certified providers upon satisfactory completion of the service. The service worker shall encumber up to \$500 per month within the monthly dollar cap allowed for the consumer until the amount of the modification is reached within the 12-month period.

ITEM 5. Amend paragraph **78.46(4)“a”** as follows:

a. Consumers may receive specialized medical equipment once a month until a maximum yearly usage of ~~\$6000~~ \$6,060 has been reached.

ITEM 6. Amend rule **441—79.1(249A)**, as follows:

**441—79.1(249A) Principles governing reimbursement of providers of medical and health services.** The basis of payment for services rendered by providers of services participating in the medical assistance program is either a system based on the provider’s allowable costs of operation or a fee schedule. Generally, institutional types of providers such as hospitals and nursing facilities are reimbursed on a cost-related basis, and practitioners such as physicians, dentists, optometrists, and similar providers are reimbursed on the basis of a fee schedule. Payments to health care providers that are owned or operated by Iowa state or non-state government entities shall not exceed the provider’s cost of providing services to Medicaid members. Providers of service must accept reimbursement based upon the department’s methodology without making any additional charge to the recipient.

ITEM 7. Amend subrule 79.1(2) as follows:

**79.1(2) Basis of reimbursement of specific provider categories.**

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
Advanced registered nurse practitioners	Fee schedule	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Ambulance	Fee schedule	Ground ambulance: Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %. Air ambulance: <del>A base rate of \$209.54 plus \$7.85 per mile for each mile the patient is carried</del> Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Ambulatory surgical centers	Base rate fee schedule as determined by Medicare. See 79.1(3)	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Area education agencies	Fee schedule	Fee schedule in effect 6/30/00 plus 0.7%.
Audiologists	Fee schedule	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Birth centers	Fee schedule	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Chiropractors	Fee schedule	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Clinics	Fee schedule	Maximum physician reimbursement rate.
Community mental health centers and providers of mental health services to county residents pursuant to a waiver approved under Iowa Code section 225C.7(3)	Retrospective cost-related. See 79.1(25)	100% of reasonable Medicaid cost as determined by Medicare cost reimbursement principles.
Dentists	Fee schedule	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Durable medical equipment, prosthetic devices and medical supply dealers	Fee schedule. See 79.1(4)	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Family planning clinics	Fee schedule	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Federally qualified health centers	Retrospective cost-related See 441—88.14(249A)	1. Prospective payment rate as required by the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA 2000) or an alternative methodology allowed thereunder, as specified in “2” below. 2. 100% of reasonable cost as determined by Medicare cost reimbursement principles. 3. In the case of services provided pursuant to a contract between an FQHC and a managed care organization (MCO), reimbursement from the MCO shall be supplemented to achieve “1” or “2” above.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
HCBS waiver service providers, including:		Except as noted, limits apply to all waivers that cover the named provider.
1. Adult day care	Fee schedule	For AIDS/HIV, brain injury, elderly, and ill and handicapped waivers: Veterans Administration contract rate or <del>\$21.90</del> <u>\$22.12</u> per half day, <del>\$43.59</del> <u>\$44.03</u> per full day, or <del>\$65.38</del> <u>\$66.03</u> per extended day if no Veterans Administration contract.  For mental retardation waiver: County contract rate or, in the absence of a contract rate, <del>\$29.18</del> <u>\$29.47</u> per half day, <del>\$58.25</del> <u>\$58.83</u> per full day, or <del>\$74.26</del> <u>\$75.00</u> per extended day.
2. Emergency response system	Fee schedule	Initial one-time fee <del>\$49.04</del> <u>\$49.53</u> . Ongoing monthly fee <del>\$38.14</del> <u>\$38.52</u> .
3. Home health aides	Retrospective cost-related	For AIDS/HIV, elderly, and ill and handicapped waivers: <del>Maximum</del> <u>Lesser of maximum Medicare rate in effect 6/30/06 6/30/08 plus 3 1% or maximum Medicaid rate in effect 6/30/08 plus 1%.</u>  For mental retardation waiver: <del>Maximum</del> <u>Lesser of maximum Medicare rate in effect 6/30/06 6/30/08 plus 3 1% or maximum Medicaid rate in effect 6/30/08 plus 1%, converted to an hourly rate.</u>
4. Homemakers	Fee schedule	Maximum of <del>\$19.64</del> <u>\$19.81</u> per hour.
5. Nursing care	For elderly and mental retardation waivers: Fee schedule as determined by Medicare.  For AIDS/HIV and ill and handicapped waivers: Agency's financial and statistical cost report and Medicare percentage rate per visit.	For elderly waiver: <del>\$82.10</del> <u>\$82.92</u> per visit. For mental retardation waiver: <del>Maximum</del> <u>Lesser of maximum Medicare rate in effect 6/30/06 6/30/08 plus 3 1% or maximum Medicaid rate in effect 6/30/08 plus 1%, converted to an hourly rate.</u>  For AIDS/HIV and ill and handicapped waivers: Cannot exceed <del>\$82.10</del> <u>\$82.92</u> per visit.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
6. Respite care when provided by:		
Home health agency:		
Specialized respite	<del>Rate</del> Cost-based rate for nursing services provided by a home health agency ( <del>encounter services-intermittent services</del> )	<del>Maximum</del> Lesser of maximum Medicare rate in effect <del>6/30/06</del> 6/30/08 plus <del>3</del> 1% or maximum Medicaid rate in effect 6/30/08 plus 1%. converted to an hourly rate, not to exceed <del>\$294</del> <u>\$296.94</u> per day.
Basic individual respite	<del>Rate</del> Cost-based rate for home health aide services provided by a home health agency ( <del>encounter services-intermittent services</del> )	<del>Maximum</del> Lesser of maximum Medicare rate in effect <del>6/30/06</del> 6/30/08 plus <del>3</del> 1% or maximum Medicaid rate in effect 6/30/08 plus 1%. converted to an hourly rate, not to exceed <del>\$294</del> <u>\$296.94</u> per day.
Group respite	Retrospectively limited prospective rates. See 79.1(15)	<del>\$12.99</del> <u>\$13.12</u> per hour not to exceed <del>\$294</del> <u>\$296.94</u> per day.
Home care agency:		
Specialized respite	Retrospectively limited prospective rates. See 79.1(15)	<del>\$33.42</del> <u>\$33.75</u> per hour not to exceed <del>\$294</del> <u>\$296.94</u> per day.
Basic individual respite	Retrospectively limited prospective rates. See 79.1(15)	<del>\$17.83</del> <u>\$18.01</u> per hour not to exceed <del>\$294</del> <u>\$296.94</u> per day.
Group respite	Retrospectively limited prospective rates. See 79.1(15)	<del>\$12.99</del> <u>\$13.12</u> per hour not to exceed <del>\$294</del> <u>\$296.94</u> per day.
Nonfacility care:		
Specialized respite	Retrospectively limited prospective rates. See 79.1(15)	<del>\$33.42</del> <u>\$33.75</u> per hour not to exceed <del>\$294</del> <u>\$296.94</u> per day.
Basic individual respite	Retrospectively limited prospective rates. See 79.1(15)	<del>\$17.83</del> <u>18.01</u> per hour not to exceed <del>\$294</del> <u>\$296.94</u> per day.
Group respite	Retrospectively limited prospective rates. See 79.1(15)	<del>\$12.99</del> <u>\$13.12</u> per hour not to exceed <del>\$294</del> <u>\$296.94</u> per day.
Facility care:		
Hospital or nursing facility providing skilled care	Fee schedule	<del>\$12.99</del> <u>\$13.12</u> per hour not to exceed daily per diem for skilled nursing facility level of care.
Nursing facility	Fee schedule	<del>\$12.99</del> <u>\$13.12</u> per hour not to exceed daily per diem for nursing facility level of care.
Camps	Retrospectively limited prospective rates. See 79.1(15)	<del>\$12.99</del> <u>\$13.12</u> per hour not to exceed <del>\$294</del> <u>\$296.94</u> per day.
Adult day care	Fee schedule	<del>\$12.99</del> <u>\$13.12</u> per hour not to exceed rate for regular adult day care services.
Intermediate care facility for the mentally retarded	Fee schedule	<del>\$12.99</del> <u>\$13.12</u> per hour not to exceed daily per diem for ICF/MR level of care.
Residential care facilities for persons with mental retardation	Fee schedule	<del>\$12.99</del> <u>\$13.12</u> per hour not to exceed contractual daily per diem.
Foster group care	Fee schedule	<del>\$12.99</del> <u>\$13.12</u> per hour not to exceed daily per diem rate for child welfare services.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
Child care facilities	Fee schedule	<del>\$12.99</del> <u>\$13.12</u> per hour not to exceed contractual daily per diem.
7. Chore service	Fee schedule	<del>\$7.63</del> <u>\$7.71</u> per half hour.
8. Home-delivered meals	Fee schedule	<del>\$7.63</del> <u>\$7.71</u> per meal. Maximum of 14 meals per week.
9. Home and vehicle modification	Fee schedule	For elderly waiver: <del>\$1000</del> <u>\$1010</u> lifetime maximum.  For mental retardation waiver: <del>\$5000</del> <u>\$5050</u> lifetime maximum.  For brain injury, ill and handicapped and physical disability waivers: <del>\$6000</del> <u>\$6060</u> per year.
10. Mental health outreach providers	Fee schedule	On-site Medicaid reimbursement rate for center or provider. Maximum of 1440 units per year.
11. Transportation	Fee schedule	County contract rate or, in the absence of a contract rate, the rate set by the area agency on aging.
12. Nutritional counseling	Fee schedule	<del>\$8.17</del> <u>\$8.25</u> per unit.
13. Assistive devices	Fee schedule	<del>\$108.96</del> <u>\$110.05</u> per unit.
14. Senior companion	Fee schedule	<del>\$6.53</del> <u>\$6.59</u> per hour.
15. Consumer-directed attendant care provided by:		
Agency (other than an elderly waiver assisted living program)	Fee agreed upon by consumer and provider	<del>\$19.61</del> <u>\$20.20</u> per hour not to exceed the daily rate of <del>\$113.32</del> <u>\$116.72</u> per day.
Assisted living program (for elderly waiver only)	Fee agreed upon by consumer and provider	For elderly waiver only: <del>\$1,052</del> <u>\$1,117</u> per calendar month. Rate must be prorated per day for a partial month, at a rate not to exceed <del>\$35.64</del> <u>\$36.71</u> per day.
Individual	Fee agreed upon by consumer and provider	<del>\$13.08</del> <u>\$13.47</u> per hour not to exceed the daily rate of <del>\$76.28</del> <u>\$78.56</u> per day.
16. Counseling		
Individual:	Fee schedule	<del>\$10.68</del> <u>\$10.79</u> per unit.
Group:	Fee schedule	<del>\$42.71</del> <u>\$43.14</u> per hour.
17. Case management	Fee schedule	For brain injury waiver: <del>\$592.75</del> <u>\$598.68</u> per month. For elderly waiver: \$70 per month.
18. Supported community living	Retrospectively limited prospective rates. See 79.1(15)	<del>\$34.63</del> <u>\$34.98</u> per hour, <del>\$78.10</del> <u>\$78.88</u> per day not to exceed the maximum daily ICF/MR per diem.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
19. Supported employment:		
Activities to obtain a job:		
Job development	Fee schedule	<del>\$900</del> <u>\$909</u> per unit (job placement). Maximum of two units per 12 months.
Employer development	Fee schedule	<del>\$900</del> <u>\$909</u> per unit (job placement). Maximum of two units per 12 months.
Enhanced job search	Retrospectively limited prospective rates. See 79.1(15)	Maximum of <del>\$34.63</del> <u>\$34.98</u> per hour and 26 hours per 12 months.
Supports to maintain employment	Retrospectively limited prospective rates. See 79.1(15)	Maximum of <del>\$34.63</del> <u>\$34.98</u> per hour for all activities other than personal care and services in an enclave setting. Maximum of <del>\$19.61</del> <u>\$19.81</u> per hour for personal care. Maximum of <del>\$6.13</del> <u>\$6.19</u> per hour for services in an enclave setting. Total not to exceed <del>\$2,855.16</del> <u>\$2,883.71</u> per month. Maximum of 40 units per week.
20. Specialized medical equipment	Fee schedule	<del>\$6000</del> <u>\$6060</u> per year.
21. Behavioral programming	Fee schedule	<del>\$10.68</del> <u>\$10.79</u> per 15 minutes.
22. Family counseling and training	Fee schedule	<del>\$42.71</del> <u>\$43.14</u> per hour.
23. Prevocational services	Fee schedule	For the brain injury waiver: <del>\$37.07</del> <u>\$37.44</u> per day.  For the mental retardation waiver: County contract rate or, in absence of a contract rate, <del>\$47.74</del> <u>\$48.22</u> per day.
24. Interim medical monitoring and treatment:		
Home health agency (provided by home health aide)	<del>Rate</del> <u>Cost-based rate</u> for home health aide services provided by a home health agency ( <del>encounter services-intermittent services</del> )	<del>Maximum</del> <u>Lesser of maximum Medicare rate in effect 6/30/06 plus 3% 6/30/08 plus 1% or maximum Medicaid rate in effect 6/30/08 plus 1%, converted to an hourly rate.</u>
Home health agency (provided by nurse)	<del>Rate</del> <u>Cost-based rate</u> for nursing services provided by a home health agency ( <del>encounter services-intermittent services</del> )	<del>Maximum</del> <u>Lesser of maximum Medicare rate in effect 6/30/06 plus 3% 6/30/08 plus 1% or maximum Medicaid rate in effect 6/30/08 plus 1%, converted to an hourly rate.</u>
Child development home or center	Fee schedule	<del>\$12.99</del> <u>\$13.12</u> per hour.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
25. Residential-based supported community living	Retrospectively limited prospective rates. See 79.1(15)	The maximum daily per diem for ICF/MR.
26. Day habilitation	Fee schedule	County contract rate or, in the absence of a contract rate, <del>\$13.08</del> <u>\$13.21</u> per hour, <del>\$31.83</del> <u>\$32.15</u> per half-day, or <del>\$63.65</del> <u>\$64.29</u> per day.
27. Environmental modifications and adaptive devices	Fee schedule	<del>\$6000</del> <u>\$6060</u> per year.
28. Family and community support services	Retrospectively limited prospective rates. See 79.1(15)	<del>\$34.63</del> <u>\$34.98</u> per hour.
29. In-home family therapy	Fee schedule	<del>\$92.70</del> <u>\$93.63</u> per hour.
30. Financial management services	Fee schedule	<del>\$65</del> <u>\$65.65</u> per enrolled consumer per month.
31. Independent support broker	Rate negotiated by consumer	<del>\$15</del> <u>\$15.15</u> per hour.
32. Self-directed personal care	Rate negotiated by consumer	Determined by consumer's individual budget.
33. Self-directed community supports and employment	Rate negotiated by consumer	Determined by consumer's individual budget.
34. Individual-directed goods and services	Rate negotiated by consumer	Determined by consumer's individual budget.
Hearing aid dispensers	Fee schedule plus product acquisition cost	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Home- and community-based habilitation services:		
1. Case management	Fee schedule based on MR/CMI/DD case management rates as set under 79.1(1) "d."	<del>\$592.75</del> <u>\$598.68</u> per month.
2. Home-based habilitation	Retrospective cost-related. See 79.1(24)	<del>\$46.24</del> <u>\$46.70</u> per hour or <del>\$104.92</del> <u>\$105.97</u> per day.
3. Day habilitation	Retrospective cost-related. See 79.1(24)	<del>\$13.08</del> <u>\$13.21</u> per hour, <del>\$31.83</del> <u>\$33.16</u> per half-day, or <del>\$63.65</del> <u>\$64.29</u> per day.
4. Prevocational habilitation	Retrospective cost-related. See 79.1(24)	<del>\$9.81</del> <u>\$9.91</u> per hour, <del>\$23.87</del> <u>\$24.11</u> per half-day, or <del>\$47.74</del> <u>\$48.22</u> per day.
5. Supported employment:		
Activities to obtain a job:		
Job development	Fee schedule	<del>\$900</del> <u>\$909</u> per unit (job placement). Maximum of two units per 12 months.
Employer development	Fee schedule	<del>\$900</del> <u>\$909</u> per unit (job placement). Maximum of two units per 12 months.
Enhanced job search	Retrospective cost-related. See 79.1(24)	Maximum of <del>\$34.63</del> <u>\$34.98</u> per hour and 26 hours per 12 months.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
Supports to maintain employment	Retrospective cost-related. See 79.1(24)	<del>\$6.13</del> \$6.19 per hour for services in an enclave setting; <del>\$19.61</del> \$19.81 per hour for personal care; and <del>\$34.63</del> \$34.98 per hour for all other services. Total not to exceed <del>\$2,855.16</del> \$2,883.71 per month. Maximum of 40 units per week.
Home health agencies ( <del>Encounter services-</del> <del>intermittent services</del> ) 1. Skilled nursing, physical therapy, home health aide, and medical social services; home health care for maternity patients and children  2. (Private duty nursing or and personal care and VFC vaccine administration for persons aged 20 and or under)	Retrospective cost-related   Interim fee schedule with retrospective cost setting based on Medicare methodology settlement	<del>Rate</del> Lesser of maximum Medicare rate in effect 6/30/06 plus 3% or maximum Medicaid rate in effect 6/30/08 plus 1%.  <del>Rate</del> Medicaid rate in effect 6/30/06 6/30/08 plus 3%.
3. Administration of vaccines	Physician fee schedule	Physician fee schedule rate.
Hospices	Fee schedule as determined by Medicare	Medicare cap. (See 79.1(14) "d")
Hospitals (Critical access)	Retrospectively adjusted prospective rates. See 79.1(1) "g" and 79.1(5)	The reasonable cost of covered services provided to medical assistance recipients or the upper limits for other hospitals, whichever is greater.
Hospitals (Inpatient)	Prospective reimbursement. See 79.1(5)	Reimbursement rate in effect 6/30/06 6/30/08 plus 3%.
Hospitals (Outpatient)	Prospective reimbursement for providers listed at 441 paragraphs 78.31(1) "a" to "f" or hospital outpatient fee schedule. See 79.1(16) "c"  Fee schedule for providers listed at 441 paragraphs 78.31(1) "g" to "n." See 79.1(16)	Ambulatory patient group payment classification rate (plus an evaluation rate) and assessment payment or hospital outpatient fee schedule rate in effect 6/30/06 plus 3% 7/01/08.  Rates in effect 6/30/06 plus 3%.
Independent laboratories	Fee schedule. See 79.1(6)	Medicare fee schedule. See 79.1(6)
Indian health service 638 facilities	1. Base rate as determined by the United States Office of Management and Budget for outpatient visits for American Indian and Alaskan native recipients members. 2. Fee schedule for service provided for all other Medicaid recipients members.	1. Office of Management and Budget rate published in the Federal Register for outpatient visit rate. 2. Fee schedule.
Infant and toddler program providers	Fee schedule	Fee schedule.
Intermediate care facilities for the mentally retarded	Prospective reimbursement. See 441—82.5(249A)	Eightieth percentile of facility costs as calculated from annual cost reports.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
Lead inspection agency	Fee schedule	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Local education agency services providers	Fee schedule	Fee schedule.
Maternal health centers	Reasonable cost per procedure on a prospective basis as determined by the department based on financial and statistical data submitted annually by the provider group	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
MR/CMI/DD case management providers	Monthly fee for service with cost settlement. See 79.1(1) "d"	Retrospective cost-settled rate.
Nursing facilities: 1. Nursing facility care	Prospective reimbursement. See 441—subrule 81.10(1) and 441—81.6(249A). The percentage of the median used to calculate the direct care excess payment allowance ceiling under 441—81.6(16) "d"(1) "1" and (2) "1" is 95% of the patient-day-weighted median. The percentage of the difference used to calculate the direct care excess payment allowance is 0%. The percentage of the median used to calculate the direct care excess payment allowance limit is 10% of the patient-day-weighted median. The percentage of the median used to calculate the non-direct care excess payment allowance ceiling under 441—81.6(16) "d" (1) "2" and (2) "2" is 96% of the patient-day-weighted median. The percentage of the difference used to calculate the non-direct care excess payment allowance limit is 0%. The percentage of the median used to calculate the non-direct care excess payment allowance limit is 8% of the patient-day-weighted median.	See 441—subrules 81.6(4) and 81.6(14) and paragraph 81.6(16) "f." The direct care rate component limit under 441—81.6(16) "f"(1) and (2) is 120% of the patient-day-weighted median. The non-direct care rate component limit under 441—81.6(16) "f" (1) and (2) is 110% of the patient-day-weighted median.
2. Hospital-based, Medicare-certified nursing care	Prospective reimbursement. See 441—subrule 81.10(1) and 441—81.6(249A). The percentage of the median used to calculate the direct care excess payment allowance ceiling under 441—81.6(16) "d"(3) "1" is 95% of the patient-day-weighted median. The percentage of the difference used to calculate the direct care excess payment allowance is 0%. The percentage of the median used to calculate the direct care excess payment allowance limit is 10% of the patient-day-weighted median. The percentage of	See 441—subrules 81.6(4) and 81.6(14) and paragraph 81.6(16) "f." The direct care rate component limit under 441—81.6(16) "f"(3) is 120% of the patient-day-weighted median. The non-direct care rate component limit under 441—81.6(16) "f"(3) is 110% of the patient-day-weighted median.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
	the median used to calculate the non-direct care excess payment allowance ceiling under 441—81.6(16) “d”(3) “2” is 96% of the patient-day-weighted median. The percentage of the difference used to calculate the non-direct care excess payment allowance limit is 0%. The percentage of the median used to calculate the non-direct care excess payment allowance limit is 8% of the patient-day-weighted median.	
Opticians	Fee schedule. Fixed fee for lenses and frames; other optical materials at product acquisition cost	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Optometrists	Fee schedule. Fixed fee for lenses and frames; other optical materials at product acquisition cost	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Orthopedic shoe dealers	Fee schedule	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Pharmaceutical case management	Fee schedule. See 79.1(18)	Refer to 79.1(18).
Physical therapists	Fee schedule	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Physicians (doctors of medicine or osteopathy)	Fee schedule. See 79.1(7) “a”	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
<u>Anesthesia services</u>	<u>Fee schedule</u>	<u>Fee schedule in effect 6/30/08 plus 1%.</u>
Podiatrists	Fee schedule	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Prescribed drugs	See 79.1(8)	<del>\$4.52</del> <u>\$4.57</u> dispensing fee. (See 79.1(8) “a,” “b,” and “e”).
Psychiatric medical institutions for children	Prospective reimbursement	<del>Effective July 1, 2007, rate</del> <u>Rate</u> based on actual costs on 6/30/07, not to exceed a maximum of <del>\$165.53</del> <u>\$167.19</u> per day.
1. Inpatient		
2. Outpatient day treatment	Fee schedule	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Psychologists	Fee schedule	Fee schedule in effect <del>6/30/06</del> <u>6/30/08</u> plus <del>3</del> <u>1</u> %.
Rehabilitation agencies	Fee schedule	Medicare fee schedule; refer to 79.1(21).
[Provider categories of “rehabilitation services for adults with a chronic mental illness” and “rehabilitative treatment services” rescinded IAB 8/1/07, effective 9/5/07; removed from IAC 10/10/07]		
Remedial services	Retrospective cost-related <u>plus 1%</u> . See 79.1(23)	110% of average cost.

<u>Provider category</u>	<u>Basis of reimbursement</u>	<u>Upper limit</u>
Rural health clinics	Retrospective cost-related See 441—88.14(249A)	1. Prospective payment rate as required by the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA 2000) or an alternative methodology allowed thereunder, as specified in “2” below. 2. 100% of reasonable cost as determined by Medicare cost reimbursement principles. 3. In the case of services provided pursuant to a contract between an RHC and a managed care organization (MCO), reimbursement from the MCO shall be supplemented to achieve “1” or “2” above.
Screening centers	Fee schedule	Reimbursement rate for center in effect <del>6/30/06</del> <u>6/30/08</u> plus <u>1</u> %.
State-operated institutions	Retrospective cost-related	

ITEM 8. Amend subparagraphs **79.1(5)“y”(2)**, **79.1(5)“y”(5)**, and **79.1(5)“y”(8)** as follows:

(2) Allocation to fund for direct medical education. Except as reduced pursuant to subparagraph 79.1(5)“y”(3), the total amount of funding that is allocated to the graduate medical education and disproportionate share fund for direct medical education related to inpatient services for July 1, ~~2006~~ 2008, through June 30, ~~2007~~ 2009, is ~~\$8,556,547~~ \$8,642,112.

(5) Allocation to fund for indirect medical education. Except as reduced pursuant to subparagraph 79.1(5)“y”(6), the total amount of funding that is allocated to the graduate medical education and disproportionate share fund for indirect medical education related to inpatient services for July 1, ~~2006~~ 2008, through June 30, ~~2007~~ 2009, is ~~\$15,023,862~~ \$15,174,101.

(8) Allocation to fund for disproportionate share. The total amount of funding that is allocated to the graduate medical education and disproportionate share fund for disproportionate share payments for July 1, ~~2006~~ 2008, through June 30, ~~2007~~ 2009, is ~~\$7,181,823~~ \$7,253,641.

ITEM 9. Amend paragraph **79.1(8)“g”** as follows:

g. For services rendered after June 30, ~~2006~~ 2008, the professional dispensing fee is ~~\$4.52~~, \$4.57 or the pharmacy’s usual and customary fee, whichever is lower.

ITEM 10. Amend subparagraph **79.1(16)“v”(2)** as follows:

(2) Allocation to fund for direct medical education. Except as reduced pursuant to subparagraph 79.1(16)“v”(3), the total amount of funding that is allocated to the graduate medical education and disproportionate share fund for direct medical education related to outpatient services for July 1, ~~2006~~ 2008, through June 30, ~~2007~~ 2009, is ~~\$2,893,524~~ \$2,922,460.

ITEM 11. Amend paragraph **83.2(2)“b”** as follows:

b. Except as provided below, the total monthly cost of the ill and handicapped waiver services shall not exceed the established aggregate monthly cost for level of care as follows:

<u>Skilled level of care</u>	<u>Nursing level of care</u>	<u>ICF/MR</u>
<del>\$2,554</del> <u>\$2,631</u>	<del>\$878</del> <u>\$904</u>	<del>\$3,110</del> <u>\$3,203</u>

(1) and (2) No change.

ITEM 12. Amend subparagraph **83.22(2)“c”(2)** as follows:

(2) Services must be the least costly available to meet the service needs of the consumer. The total monthly cost of the elderly waiver services exclusive of case management services shall not exceed the established monthly cost of the level of care. Aggregate monthly costs are limited as follows:

<u>Skilled level of care</u>	<u>Nursing level of care</u>
<del>\$2,554</del> <u>\$2,631</u>	<del>\$1,084</del> <u>\$1,117</u>

ITEM 13. Amend paragraph **83.42(2)“b”** as follows:

b. The total monthly cost of the AIDS/HIV waiver services shall not exceed the established aggregate monthly cost for level of care. The monthly cost of AIDS/HIV waiver services cannot exceed the established limit of ~~\$1,700~~ \$1,751.

ITEM 14. Amend paragraph **83.82(2)“d”** as follows:

d. The total cost of brain injury waiver services shall not exceed ~~\$2,730~~ \$2,812 per month. If more than \$500 is paid for home and vehicle modification services, the service worker shall encumber up to \$500 per month within the monthly dollar cap allowed for the consumer until the total amount of the modification is reached within a 12-month period.

ITEM 15. Amend paragraph **83.102(2)“b”** as follows:

b. The total cost of physical disability waiver services shall not exceed ~~\$640~~ \$659 per month. If more than \$500 is paid for home and vehicle modification services, the service worker shall encumber up to \$500 per month within the monthly dollar cap allowed for the consumer until the total amount of the modification is reached within a 12-month period.

ITEM 16. Amend paragraph **83.122(6)“b”** as follows:

b. The total cost of children’s mental health waiver services needed to meet the consumer’s needs may not exceed ~~\$1,818~~ \$1,873 per month.

[Filed Emergency 6/12/08, effective 7/1/08]

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EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 7/2/08.