



Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

December 29, 2016

Michael Marshall
Secretary of Senate
State Capitol Building
LOCAL

Carmine Boal
Chief Clerk of the House
State Capitol Building
LOCAL

Dear Mr. Marshall and Ms. Boal:

Enclosed please find a copy of a report to the General Assembly relative to the Non-State Government-Owned Nursing Facility Upper Payment Limit Supplemental Payment Program, pursuant to the directive contained in 2016 Iowa Acts, Chapter 1139, Section 82.

Please feel free to contact me if you need additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sally Titus".

Sally Titus
Deputy Director

ST/tam

Enclosure

cc: Terry E. Branstad, Governor

Iowa Department of Human Services



Non-State Government-Owned Nursing Facility Upper Payment
Limit Supplemental Payment Program

December 2016

Executive Summary

Provisions of House File (HF) 2460 enacted by the 86th Iowa General Assembly, required the Department of Human Services (DHS) to submit to the Centers for Medicare and Medicaid Services (CMS) a Medicaid State Plan Amendment (SPA) to allow qualifying non-state government-owned (NSGO) nursing facilities (NF) to receive a supplemental payment in accordance with upper payment limit (UPL) requirements. The supplemental payment shall be in addition to the greater of the Medicaid fee-for-service per diem reimbursement rate or the per diem payment established for the NF under a Medicaid managed care contract.

Provisions of HF 2460, enacted by the 86th Iowa General Assembly, required DHS to submit a report to the governor and the general assembly on or before December 15, annually after approval and implementation of the supplement payment program. At this time, approval by CMS has not been received and implementation processes have not begun. The content of this report is to supply an update on the directives of HF2460.

Progress and Status

The Iowa Medicaid Enterprise (IME) held various meetings with stakeholders regarding the NSGO UPL payment program which included the Iowa Health Care Association (IHCA), Leading Age Iowa (LAI) and other interested parties. A meeting occurred on September 14, 2016, where the implementation plan, including CMS requirements for qualifying for the program, payment frequency and, SPA submission timeline was discussed. There was also a discussion on the Medicare final rule about NSGO UPL programs and subsequent CMS informational bulletin dated July 29, 2016.

On September 28, 2016, IME submitted a SPA 16-018 to implement the NSGO UPL to CMS. The SPA was to calculate payments under the program quarterly for Medicaid fee-for-service claims and to include NSGOs in the quality assurance assessment fee program. In the July 29, 2016, bulletin from CMS, it stated that only those pass-through arrangements “in place at the time the Medicaid managed care rule was effective on July 5, 2016,” would continue. The September 28 supplemental date preserved a possible July 1, 2016, implementation date and which may meet the requirements of the informational bulletin.

CMS published a proposed rule in the November 22, 2016 issue of the Federal Register (FR) titled “Medicaid Program: The Use of New or Increased Pass-Through Payments in Medicaid Managed Care Delivery Systems.” The proposed rule addressed changes, consistent with CMS Information Bulletin published on July 29, 2016, with the same title. This proposed rule indicates that CMS will not approve SPA’s, such as the one that was submitted by Iowa, for new supplemental payments not already being paid through

managed care contracts in effect as of June 1, 2015. This proposal does not appear to affect Medicaid fee-for-service claims.

CMS has ninety (90) days to review the SPA request and to submit questions concerning the changes. The 90th day is December 28, 2016. At this time, there has not been any communications from CMS concerning this particular SPA. If questions are submitted, IME will respond promptly for consideration. If approval is given, IME will work with stakeholders on implementing the provisions of HF 2460.

Appendices

Appendix A: House File 2460, Sections 80 - 84