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[HF 736](#) – Medicaid, Refunds and Offsets (LSB2593HV.1)  
Staff Contact: Jess Benson (515.281.4611) [jess.benson@legis.iowa.gov](mailto:jess.benson@legis.iowa.gov)  
Fiscal Note Version – As amended and passed by the House

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**Description**

[House File 736](#) limits any post-payment review of claims paid under both Medicaid fee-for-service or managed care to 24 months from the date of payment unless the claim involves fraud or misrepresentation. In addition, any provider overpayment identified for which 24 months or more have elapsed since the date of payment of the claim shall not be subject to repayment or to offset against future reimbursement of claims by the provider, and any improper payment identified through a review may be resubmitted by the provider as a claims adjustment. The Bill does not apply to retroactive Medicaid cost settlements or rate changes based on a Medicaid or Medicare cost report.

**Assumptions**

- The Department of Human Services (DHS) will be required to return the federal share of overpayments to the federal government even if the Bill prohibits collection of overpayments from providers.
- There will be a \$1.0 million loss in recoveries in Medicaid fee-for-service based on current recoveries that are older than 24 months.
- For the Managed Care Organizations (MCOs), based on overpayments where the initial notification to the provider was sent 24 months after the claim was paid, there will be \$2.4 million in lost recoveries.
- The reduction in MCO recoveries will need to be incorporated into the MCO capitation rates. The State will be able to draw federal share on this additional capitation payment to offset State costs, which is estimated to reduce the State need by \$1.7 million.
- There will be 200 hours at \$103 per hour in one-time costs for changes that will need to be made to the Medicaid Management Information System (MMIS) and the claims system.
- Post-payment review does not apply to retroactive Medicaid cost settlements or rate changes based on a Medicaid or Medicare cost report.

**Fiscal Impact**

The total estimated impact of HF 736 is \$3.4 million (\$1.0 million fee-for-service and \$2.4 million for MCO) and the estimated cost to the State Medicaid program is \$1.8 million in FY 2022 and each year after.

The DHS will incur one-time costs totaling \$20,600 for upgrades to the MMIS and claims system.

**Source**

Department of Human Services

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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