



OFFICE OF THE GOVERNOR

THOMAS J. VILSACK
GOVERNOR

SALLY J. PEDERSON
LT. GOVERNOR

March 9, 2006

The Honorable Chester Culver
Secretary of State
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit:

House File 2347, an Act relating to the medical assistance provider payment adjustments, providing for transfer, appropriation, and deposit of funds, providing an effective date, and providing for retroactive applicability.

The above House File is hereby approved this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas J. Vilsack".

Thomas J. Vilsack
Governor

TJV:jmc

cc: Secretary of the Senate
Chief Clerk of the House





HOUSE FILE 2347

AN ACT

RELATING TO THE MEDICAL ASSISTANCE PROVIDER PAYMENT ADJUSTMENTS,
PROVIDING FOR TRANSFER, APPROPRIATION, AND DEPOSIT OF FUNDS,
PROVIDING AN EFFECTIVE DATE, AND PROVIDING FOR RETROACTIVE
APPLICABILITY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 249J.23, subsection 1, Code Supplement 2005, is amended to read as follows:

1. An account for health care transformation is created in the state treasury under the authority of the department. Moneys received ~~through the physician payment adjustment as described in 2003 Iowa Acts, chapter 112, section 117 subsection 1, and through the adjustment to hospital payments to provide an increased base rate to offset the high costs incurred for providing services to medical assistance patients as described in 2004 Iowa Acts, chapter 1175, section 86, subsection 2, paragraph "b"~~, from sources including but not limited to appropriations from the general fund of the state, grants, and contributions shall be deposited in the account. The account shall include a separate premiums subaccount. Revenue generated through payment of premiums by expansion population members as required pursuant to section 249J.8 shall be deposited in the separate premiums subaccount within the account.

Sec. 2. 2004 Iowa Acts, chapter 1175, section 86, subsection 2, paragraph b, unnumbered paragraph 2, and subparagraphs (1), (2), and (3), as amended by 2005 Iowa Acts, chapter 167, section 35, are amended to read as follows:

(1) ~~If the~~ The department of human services ~~adjusts~~ shall adjust hospital payments to provide an increased base rate to

~~offset the high cost incurred for providing services to medical assistance patients on or prior to July 1 during the fiscal year ending June 30, 2005, a portion of the amount specified in this unnumbered paragraph equal to the increased Medicaid payment shall be transferred by the university of Iowa hospitals and clinics to the medical assistance fund of the department of human services. Of the amount transferred, an amount equal to the federal share of the payments shall be transferred to the account for health care transformation created in section 249F.22. The amount of the payment adjustment made pursuant to this subparagraph (1) shall be \$20,216,039.~~

(2) Any incremental increase in the base rate made pursuant to subparagraph (1) shall not be used in determining the university of Iowa ~~hospital~~ hospitals and clinics disproportionate share rate or when determining the statewide average base rate for purposes of calculating indirect medical education rates.

Sec. 3. 2003 Iowa Acts, chapter 112, section 11, subsection 1, as amended by 2005 Iowa Acts, chapter 167, section 36, is amended to read as follows:

1. For the fiscal years beginning July 1, 2003, and ending June 30, 2004, and beginning July 1, 2004, and ending June 30, 2005, the department of human services shall institute a supplemental payment adjustment applicable to physician services provided to medical assistance recipients at ~~publicly owned~~ state-owned acute care teaching hospitals. The adjustment shall generate supplemental payments to physicians which are equal to the difference between the physician's charge average reimbursement from nongovernmental payors and the physician's fee schedule under the medical assistance program. ~~To the extent of the supplemental payments, a qualifying hospital shall, after receipt of the payments, transfer to the department of human services an amount equal to the actual supplemental payments that were made in that month. The department of human services shall deposit these payments in the department's medical assistance account. The payment adjustment amount made pursuant to this subsection shall equal \$34,423,090.~~ The department of human services shall amend the medical assistance state plan as necessary to implement this section. The department may adopt emergency rules to implement this section. The department of human

services shall amend the medical assistance state plan to eliminate this provision effective June 30, 2005.

Sec. 4. TRANSFER, APPROPRIATION, AND DEPOSIT OF FUNDS. Upon receipt of the supplemental payments described in sections 2 and 3 of this Act, the university of Iowa shall transfer to the general fund of the state, from whatever source available, \$54,639,129, which is an amount equal to the appropriations made pursuant to 2003 Iowa Acts, chapter 182, section 9, subsection 2, paragraph "b", as modified by executive orders 31 and 36, and pursuant to 2004 Iowa Acts, chapter 1175, section 86, subsection 2, paragraph "b". Of the amount transferred to the general fund of the state pursuant to this section, \$19,350,061 is appropriated and shall be deposited in the medical assistance account of the department of human services and \$35,289,068 is appropriated and shall be deposited in the account for health care transformation created in section 249J.23.

Sec. 5. APPROPRIATION -- HEALTH CARE TRANSFORMATION ACCOUNT. There is appropriated from the account for health care transformation created in section 249J.23, to the department of human services for the fiscal year beginning July 1, 2005, and ending June 30, 2006, the following amount, or so much thereof as is necessary, for the purposes designated:

For payments to the university of Iowa hospitals and clinics for provision of services pursuant to and for costs associated with chapter 249J:

..... \$ 2,000,000

Notwithstanding section 8.33, moneys appropriated in this section that remain unencumbered or unobligated at the close of the fiscal year shall not revert, but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

Sec. 6. ACTIVITIES SUBSEQUENT TO TRANSFER AND PAYMENTS. Subsequent to the transfer of funds by the university of Iowa to the general fund of the state pursuant to section 4 of this Act, the supplemental payments made to the university of Iowa hospitals and clinics and to the carver college of medicine faculty practice plan by the department of human services pursuant to sections 2 and 3 of this Act are irrevocable, notwithstanding any subsequent decision by the centers for Medicare and Medicaid services of the United States department

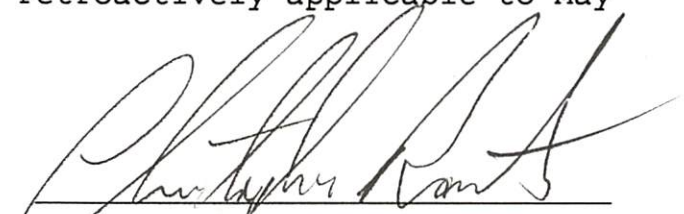
of health and human services or any other state or federal agency. The department of human services is solely responsible for any repayment or payment of any penalty or fine assessed by any state or federal agency on any party relative to the transactions pursuant to sections 2, 3, and 4 of this Act.


Sec. 7. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

1. This Act, being deemed of immediate importance, takes effect upon enactment.

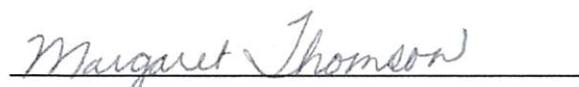
2. The provision of this Act amending 2003 Iowa Acts, chapter 112, section 11, is retroactively applicable to May 2, 2003.

3. The provision of this Act amending 2004 Iowa Acts, chapter 1175, section 86, is retroactively applicable to May 17, 2004.



CHRISTOPHER C. RANTS
Speaker of the House


JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2347, Eighty-first General Assembly.


MARGARET THOMSON
Chief Clerk of the House

Approved March 9, 2006


THOMAS J. VILSACK
Governor