



CHESTER J. CULVER
GOVERNOR

OFFICE OF THE GOVERNOR

PATTY JUDGE
LT. GOVERNOR

May 22, 2009

The Honorable Michael Mauro
Secretary of State
State Capitol Building
L O C A L

Dear Mr. Secretary:

I hereby transmit:

Senate File 236, an Act relating to psychiatric medical institution for children services and providing an effective date.

The above Senate File is hereby approved this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Chester J. Culver".

Chester J. Culver
Governor

CJC:bdj

cc: Secretary of the Senate
Chief Clerk of the House





SENATE FILE 236

AN ACT

RELATING TO PSYCHIATRIC MEDICAL INSTITUTION FOR CHILDREN
SERVICES AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. PSYCHIATRIC MEDICAL INSTITUTIONS FOR CHILDREN
-- REIMBURSEMENT.

1. For the purposes of this section, unless the context otherwise requires, "psychiatric institution" means a psychiatric medical institution for children licensed under chapter 135H and receiving medical assistance program reimbursement.

2. The department of human services, in consultation with psychiatric institution providers, shall develop a cost-based rate setting methodology with levels of reimbursement based on acuity for psychiatric institution providers in accordance with this section.

3. a. For the fiscal year beginning July 1, 2009, and ending June 30, 2010, psychiatric institution providers may submit a projected cost report to be used to set a prospective rate for the rate period of July 1, 2009, through June 30, 2010. For that fiscal year, the maximum reimbursement rate for psychiatric institution providers shall be 103 percent of the patient-day weighted statewide average cost of psychiatric institution providers located within the state, based on the cost reports for the preceding fiscal year. However, the average cost computation shall not include the psychiatric institution at the state mental health institute located at Independence, and upon receiving federal approval, the reimbursement rate for that psychiatric institution shall be

as provided in the state plan amendment under subsection 5. The reimbursement payments made to psychiatric institution providers for the fiscal year beginning July 1, 2009, and ending June 30, 2010, shall be cost settled to actual cost, not to exceed the maximum reimbursement rate for the fiscal year. Any overpayment amount shall be returned within 30 days of submission of a notice of overpayment to the provider.

b. Notwithstanding paragraph "a", on a case-by-case basis for psychiatric institution services provided to children with intensive needs who would otherwise require placement outside the state, the department may apply an exception to policy process to authorize provider reimbursement in excess of the maximum reimbursement rate under paragraph "a".

4. a. By January 1, 2010, the department shall develop a methodology for cost-based reimbursement with an acuity adjustment based on the aggregate acuity level of each psychiatric institution's patient mix. Under the methodology, each psychiatric institution's aggregate acuity level shall be recalculated periodically. The department shall work with psychiatric institution provider representatives to develop the methodology.

b. The department shall implement the cost-based reimbursement with acuity adjustment methodology beginning on July 1, 2010.

5. The department shall submit a medical assistance state plan amendment to the centers for Medicare and Medicaid services of the United States department of health and human services requesting authorization to reimburse the psychiatric institution at the state mental health institute located at Independence at 100 percent of actual costs. Upon receiving approval of the plan amendment, for the fiscal year beginning July 1, 2009, an amount equivalent to the resulting savings shall be transferred from the appropriation for the state mental health institute at Independence to the medical assistance appropriation to be used for the purposes described in this section.

6. The department shall track the number of admissions of Iowa children to out-of-state psychiatric medical institutions for children and the corresponding expenditures, and if necessary, shall adopt utilization control strategies to

assure that utilization of such out-of-state admission is reduced, while maintaining access to treatment options that are in the best interests of the child and the child's family.

7. The department, in consultation with providers, shall develop and implement outcome measures for all psychiatric institution providers beginning on July 1, 2010.

8. The department of human services shall adopt rules pursuant to chapter 17A to implement this section.

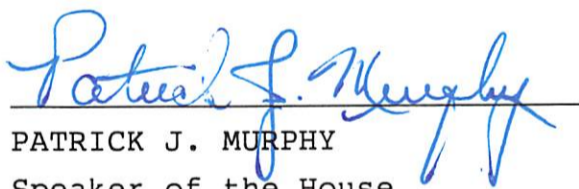
Sec. 2. Section 249A.31, Code 2009, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Effective July 1, 2010, the department shall apply a cost-based reimbursement methodology for reimbursement of psychiatric medical institution for children providers.

Sec. 3. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.



JOHN P. KIBBIE
President of the Senate



PATRICK J. MURPHY
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 236, Eighty-third General Assembly.



MICHAEL E. MARSHALL
Secretary of the Senate

Approved, May 22nd, 2009



CHESTER J. CULVER
Governor