

See *Journal Register* 2/21 2/10, 4/1 (p. 946)
" " 4/1 *S. Pass* 4/2 (p. 995)

MAR 10 1986

Place On Calendar

HOUSE FILE 2424

BY COMMITTEE ON HUMAN RESOURCES

(Formerly House File 2335)

Passed House, Date 3-18-86 (p. 868) Passed Senate, Date 4-4-86 (p. 1054)

Vote: Ayes 96 Nays 0 Vote: Ayes 45 Nays 0

Approved May 2, 1986 (p. 2320)
Motion to Reconsider (p. 1054) 4/21

A BILL FOR

1 An Act relating to the computation of the average daily patient
2 costs at the state mental health institutes and hospital-
3 schools.

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

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HF 2424

1 Section 1. Section 222.73, Code 1985, is amended by
2 striking the section and inserting in lieu thereof the
3 following:

4 222.73 BILLING OF PATIENT CHARGES -- COMPUTATION OF ACTUAL
5 COSTS -- COST SETTLEMENT.

6 1. The superintendent of each hospital-school and special
7 unit shall compute by February 1 the average daily patient
8 charge and outpatient treatment charges for which each county
9 will be billed for services provided to patients chargeable to
10 the county during the fiscal year beginning the following July
11 1. The department shall certify the amount of the charges to
12 the state comptroller and notify the counties of the billing
13 charges.

14 a. The superintendent shall compute the average daily
15 patient charge for a hospital-school or special unit for
16 services provided in the following fiscal year, in accordance
17 with generally accepted accounting procedures, by totaling the
18 expenditures of the hospital-school or special unit for the
19 immediately preceding calendar year, by adjusting the
20 expenditures by a percentage not to exceed the percentage
21 increase in the consumer price index for all urban consumers
22 for the immediately preceding calendar year, and by dividing
23 the adjusted expenditures by the total inpatient days of
24 service provided during the immediately preceding calendar
25 year.

26 b. The department shall compute the outpatient treatment
27 charges, in accordance with generally accepted accounting
28 procedures, on the basis of the actual cost of the outpatient
29 treatment provided during the immediately preceding calendar
30 year.

31 2. The superintendent shall certify to the state
32 comptroller the billings to each county for services provided
33 to patients chargeable to the county during the preceding
34 calendar quarter. The county billings shall be based on the
35 average daily patient charge and outpatient treatment charges

1 computed pursuant to subsection 1, and the number of inpatient
2 days and outpatient treatment service units chargeable to the
3 county. The county billing for a patient shall be reduced by
4 an amount received for the patient's care from any source
5 other than state appropriated funds.

6 3. The superintendent shall compute in January the actual
7 per-patient-per-day cost for each hospital-school or special
8 unit for the immediately preceding calendar year, in
9 accordance with generally accepted accounting procedures, by
10 totaling the actual expenditures of the hospital-school or
11 special unit for the calendar year and by dividing the total
12 actual expenditures by the total inpatient days of service
13 provided during the calendar year.

14 4. The department shall certify to the state comptroller
15 and the counties by February 1 the actual per-patient-per-day
16 costs, as computed pursuant to subsection 3, and the actual
17 costs owed by each county for the immediately preceding
18 calendar year for patients chargeable to the county. If the
19 actual costs owed by the county are greater than the charges
20 billed to the county pursuant to subsection 2, the state
21 comptroller shall bill the county for the difference with the
22 billing for the quarter ending June 30. If the actual costs
23 owed by the county are less than the charges billed to the
24 county pursuant to subsection 2, the state comptroller shall
25 credit the county for the difference starting with the billing
26 for the quarter ending June 30.

27 Sec. 2. Section 230.20, Code 1985, is amended by striking
28 the section and inserting in lieu thereof the following:

29 230.20 BILLING OF PATIENT CHARGES -- COMPUTATION OF ACTUAL
30 COSTS -- COST SETTLEMENT.

31 1. The superintendent of each mental health institute
32 shall compute by February 1 the average daily patient charges
33 and other service charges for which each county will be billed
34 for services provided to patients chargeable to the county
35 during the fiscal year beginning the following July 1. The

1 department shall certify the amount of the charges to the
2 state comptroller and notify the counties of the billing
3 charges.

4 a. The superintendent shall separately compute by program
5 the average daily patient charge for a mental health institute
6 for services provided in the following fiscal year, in
7 accordance with generally accepted accounting procedures, by
8 totaling the expenditures of the program for the immediately
9 preceding calendar year, by adjusting the expenditures by a
10 percentage not to exceed the percentage increase in the
11 consumer price index for all urban consumers for the
12 immediately preceding calendar year, and by dividing the
13 adjusted expenditures by the total inpatient days of service
14 provided in the program during the immediately preceding
15 calendar year. However, the superintendent shall not include
16 the following in the computation of the average daily patient
17 charge:

18 (1) The costs of food, lodging, and other maintenance
19 provided to persons not patients of the hospital.

20 (2) The costs of certain direct medical services
21 identified in administrative rule, which may include but need
22 not be limited to X-ray, laboratory, and dental services.

23 (3) The costs of outpatient and state placement services.

24 b. The department shall compute the direct medical
25 services, outpatient, and state placement services charges, in
26 accordance with generally accepted accounting procedures, on
27 the basis of the actual cost of the services provided during
28 the immediately preceding calendar year. The direct medical
29 services, outpatient, and state placement services shall be
30 billed directly against the patient who received the services.

31 2. The superintendent shall certify to the state
32 comptroller the billings to each county for services provided
33 to patients chargeable to the county during the preceding
34 calendar quarter. The county billings shall be based on the
35 average daily patient charge and other service charges

1 computed pursuant to subsection 1, and the number of inpatient
2 days and other service units chargeable to the county.

3 3. The superintendent shall compute in January the actual
4 per-patient-per-day cost for each mental health institute for
5 the immediately preceding calendar year, in accordance with
6 generally accepted accounting procedures, by totaling the
7 actual expenditures of the mental health institute for the
8 calendar year and by dividing the total actual expenditures by
9 the total inpatient days of service provided during the
10 calendar year.

11 4. The department shall certify to the state comptroller
12 and the counties by February 1 the actual per-patient-per-day
13 costs, as computed pursuant to subsection 3, and the actual
14 costs owed by each county for the immediately preceding
15 calendar year for patients chargeable to the county. If the
16 actual costs owed by the county are greater than the charges
17 billed to the county pursuant to subsection 2, the state
18 comptroller shall bill the county for the difference with the
19 billing for the quarter ending June 30. If the actual costs
20 owed by the county are less than the charges billed to the
21 county pursuant to subsection 2, the state comptroller shall
22 credit the county for the difference starting with the billing
23 for the quarter ending June 30.

24 5. An individual statement shall be prepared for a patient
25 on or before the fifteenth day of the month following the
26 month in which the patient leaves the mental health institute,
27 and a general statement shall be prepared at least quarterly
28 for each county to which charges are made under this section.
29 Except as otherwise required by sections 125.33 and 125.34 the
30 general statement shall list the name of each patient
31 chargeable to that county who was served by the mental health
32 institute during the preceding month or calendar quarter and
33 the amount due on account of each patient, and the county
34 shall be billed for eighty percent of the stated charge for
35 each patient specified in this subsection. The statement

1 prepared for each county shall be certified by the department
2 to the state comptroller and a duplicate statement shall be
3 mailed to the auditor of that county.

4 6. All or any reasonable portion of the charges incurred
5 for services provided to a patient, to the most recent date
6 for which the charges have been computed, may be paid at any
7 time by the patient or by any other person on the patient's
8 behalf. Any payment so made, and any federal financial
9 assistance received pursuant to title XVIII or XIX of the
10 federal Social Security Act for services rendered to a
11 patient, shall be credited against the patient's account and,
12 if the charges so paid have previously been billed to a
13 county, reflected in the mental health institute's next
14 general statement to that county.

15 Sec. 3. This Act takes effect January 1, 1987.

16 EXPLANATION

17 This bill requires the average daily patient charges at the
18 state mental health institutes and hospital-schools to be
19 computed and billed for an entire state fiscal year based on
20 costs for patient care in the preceding calendar year. The
21 annual increase in the average daily patient charges is
22 limited to the increase in the consumer price index for the
23 preceding calendar year. A cost settlement, based on actual
24 calendar year costs, is to be made each year, with the costs
25 payable by either the state or counties after July 1.

26 The bill takes effect January 1, 1987.

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HOUSE FILE 2424

AN ACT

RELATING TO THE COMPUTATION OF THE AVERAGE DAILY PATIENT COSTS
AT THE STATE MENTAL HEALTH INSTITUTES AND HOSPITAL-SCHOOLS.

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

Section 1. Section 222.73, Code 1985, is amended by striking the section and inserting in lieu thereof the following:

222.73 BILLING OF PATIENT CHARGES -- COMPUTATION OF ACTUAL COSTS -- COST SETTLEMENT.

1. The superintendent of each hospital-school and special unit shall compute by February 1 the average daily patient charge and outpatient treatment charges for which each county will be billed for services provided to patients chargeable to the county during the fiscal year beginning the following July 1. The department shall certify the amount of the charges to

the state comptroller and notify the counties of the billing charges.

a. The superintendent shall compute the average daily patient charge for a hospital-school or special unit for services provided in the following fiscal year, in accordance with generally accepted accounting procedures, by totaling the expenditures of the hospital-school or special unit for the immediately preceding calendar year, by adjusting the expenditures by a percentage not to exceed the percentage increase in the consumer price index for all urban consumers for the immediately preceding calendar year, and by dividing the adjusted expenditures by the total inpatient days of service provided during the immediately preceding calendar year.

b. The department shall compute the outpatient treatment charges, in accordance with generally accepted accounting procedures, on the basis of the actual cost of the outpatient treatment provided during the immediately preceding calendar year.

2. The superintendent shall certify to the state comptroller the billings to each county for services provided to patients chargeable to the county during the preceding calendar quarter. The county billings shall be based on the average daily patient charge and outpatient treatment charges computed pursuant to subsection 1, and the number of inpatient days and outpatient treatment service units chargeable to the county. The county billing for a patient shall be reduced by an amount received for the patient's care from any source other than state appropriated funds.

3. The superintendent shall compute in January the actual per-patient-per-day cost for each hospital-school or special unit for the immediately preceding calendar year, in accordance with generally accepted accounting procedures, by totaling the actual expenditures of the hospital-school or special unit for the calendar year and by dividing the total

actual expenditures by the total inpatient days of service provided during the calendar year.

4. The department shall certify to the state comptroller and the counties by February 1 the actual per-patient-per-day costs, as computed pursuant to subsection 3, and the actual costs owed by each county for the immediately preceding calendar year for patients chargeable to the county. If the actual costs owed by the county are greater than the charges billed to the county pursuant to subsection 2, the state comptroller shall bill the county for the difference with the billing for the quarter ending June 30. If the actual costs owed by the county are less than the charges billed to the county pursuant to subsection 2, the state comptroller shall credit the county for the difference starting with the billing for the quarter ending June 30.

Sec. 2. Section 230.20, Code 1985, is amended by striking the section and inserting in lieu thereof the following:

230.20 BILLING OF PATIENT CHARGES -- COMPUTATION OF ACTUAL COSTS -- COST SETTLEMENT.

1. The superintendent of each mental health institute shall compute by February 1 the average daily patient charges and other service charges for which each county will be billed for services provided to patients chargeable to the county during the fiscal year beginning the following July 1. The department shall certify the amount of the charges to the state comptroller and notify the counties of the billing charges.

a. The superintendent shall separately compute by program the average daily patient charge for a mental health institute for services provided in the following fiscal year, in accordance with generally accepted accounting procedures, by totaling the expenditures of the program for the immediately preceding calendar year, by adjusting the expenditures by a percentage not to exceed the percentage increase in the consumer price index for all urban consumers for the

immediately preceding calendar year, and by dividing the adjusted expenditures by the total inpatient days of service provided in the program during the immediately preceding calendar year. However, the superintendent shall not include the following in the computation of the average daily patient charge:

(1) The costs of food, lodging, and other maintenance provided to persons not patients of the hospital.

(2) The costs of certain direct medical services identified in administrative rule, which may include but need not be limited to X-ray, laboratory, and dental services.

(3) The costs of outpatient and state placement services.

b. The department shall compute the direct medical services, outpatient, and state placement services charges, in accordance with generally accepted accounting procedures, on the basis of the actual cost of the services provided during the immediately preceding calendar year. The direct medical services, outpatient, and state placement services shall be billed directly against the patient who received the services.

2. The superintendent shall certify to the state comptroller the billings to each county for services provided to patients chargeable to the county during the preceding calendar quarter. The county billings shall be based on the average daily patient charge and other service charges computed pursuant to subsection 1, and the number of inpatient days and other service units chargeable to the county.

3. The superintendent shall compute in January the actual per-patient-per-day cost for each mental health institute for the immediately preceding calendar year, in accordance with generally accepted accounting procedures, by totaling the actual expenditures of the mental health institute for the calendar year and by dividing the total actual expenditures by the total inpatient days of service provided during the calendar year.

4. The department shall certify to the state comptroller and the counties by February 1 the actual per-patient-per-day costs, as computed pursuant to subsection 3, and the actual costs owed by each county for the immediately preceding calendar year for patients chargeable to the county. If the actual costs owed by the county are greater than the charges billed to the county pursuant to subsection 2, the state comptroller shall bill the county for the difference with the billing for the quarter ending June 30. If the actual costs owed by the county are less than the charges billed to the county pursuant to subsection 2, the state comptroller shall credit the county for the difference starting with the billing for the quarter ending June 30.

5. An individual statement shall be prepared for a patient on or before the fifteenth day of the month following the month in which the patient leaves the mental health institute, and a general statement shall be prepared at least quarterly for each county to which charges are made under this section. Except as otherwise required by sections 125.33 and 125.34 the general statement shall list the name of each patient chargeable to that county who was served by the mental health institute during the preceding month or calendar quarter and the amount due on account of each patient, and the county shall be billed for eighty percent of the stated charge for each patient specified in this subsection. The statement prepared for each county shall be certified by the department to the state comptroller and a duplicate statement shall be mailed to the auditor of that county.

6. All or any reasonable portion of the charges incurred for services provided to a patient, to the most recent date for which the charges have been computed, may be paid at any time by the patient or by any other person on the patient's behalf. Any payment so made, and any federal financial assistance received pursuant to Title XVIII or XIX of the federal Social Security Act for services rendered to a

patient, shall be credited against the patient's account and, if the charges so paid have previously been billed to a county, reflected in the mental health institute's next general statement to that county.

Sec. 3. This Act takes effect January 1, 1987.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2424, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved *May 2*, 1986

TERRY E. BRANSTAD
Governor