

*HSB 151*

HUMAN RESOURCES

Succeeded by

HOUSE FILE            *HF 38*  
BY (PROPOSED COMMITTEE ON  
HUMAN RESOURCES BILL BY  
CHAIRPERSON BODDICKER)

*Lord  
Boddicker  
Surnett*

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the reimbursement rate for federally qualified  
2 health centers and rural health clinics under the medical  
3 assistance program.

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

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LSB 2333HC 78

1 Section 249A.18, Code 1999, is amended to read  
2 as follows:

3 249A.18 COST-BASED REIMBURSEMENT -- RURAL HEALTH CLINICS  
4 AND FEDERALLY QUALIFIED HEALTH CLINICS.

5 Rural health clinics and federally qualified health clinics  
6 shall receive cost-based reimbursement for one hundred percent  
7 of the reasonable costs for the provision of services to  
8 recipients of medical assistance, ~~subject to limitations and~~  
9 ~~exclusions based on federal law and regulations as determined~~  
10 ~~by the director.~~

11 EXPLANATION

12 This bill requires that federally qualified health clinics  
13 and rural health clinics be reimbursed at 100 percent of the  
14 clinics' reasonable costs under the medical assistance  
15 program. Reimbursement provisions for these clinics under the  
16 federal Balanced Budget Act of 1997 require reimbursement at a  
17 reduced percentage each year. However, the health care  
18 financing administration has sent a letter of clarification to  
19 state Medicaid directors noting that if a state does reimburse  
20 reasonable costs at the 100 percent level, and therefore above  
21 the level required by federal law, the state will receive a  
22 federal financial participation amount for the differential  
23 amount up to 100 percent of the reasonable costs.

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3-16-99 Referred to approp

MAR 11 1999

Place On Calendar

638

HOUSE FILE  
BY COMMITTEE ON HUMAN  
RESOURCES

(SUCCESSOR TO HSB 151)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

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HF 638

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**HOUSE FILE 638  
FISCAL NOTE**

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A fiscal note for House File 638 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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House File 638 requires that federally qualified health clinics and rural health clinics be reimbursed at 100.0% of the clinics' reasonable costs under the Medical Assistance Program.

**BACKGROUND**

Iowa currently reimburses federally qualified and rural health clinics at 100.0% of reasonable costs. The federal Balanced Budget Act of 1997 permits states to incrementally reduce reimbursements to these clinics over a four-year period, beginning with a reduction to 95.0% of reasonable costs in federal fiscal year (FFY) 2000 and continuing to a reduction to 70.0% of reasonable costs in FFY 2003. House File 638 requires Iowa to maintain clinic reimbursements at 100.0% of reasonable costs.

**ASSUMPTIONS**

1. The Iowa Department of Human Services will not implement the reimbursement reductions permitted in the federal Balanced Budget Act of 1997, therefore, potential savings will not be realized.
2. The federal Health Care Financing Administration will continue to provide a federal match rate of 63.22% for reimbursements to rural and federally qualified health clinics.

**FISCAL IMPACT**

Because the federal Health Care Financing Administration has stated that federal financial participation will continue to be provided for reimbursements up to 100.0% of reasonable costs, there is no fiscal impact for House File 638 compared to current State law. Potential savings, however, will not be realized. The unrealized savings will be approximately \$102,000 in FY 2000, \$289,000 in FY 2001, \$549,000 in FY 2002, and \$1,296,000 in FY 2003, and each year thereafter.

**SOURCE**

Department of Human Services

(LSB 2333hv, DAA)

FILED MARCH 15, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR