

JAN 1 1 2006
HUMAN RESOURCES

HOUSE FILE 2042
BY CARROLL

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the medical assistance provider payment
2 adjustments, providing for transfer, appropriation, and
3 deposit of funds, providing an effective date, and providing
4 for retroactive applicability.

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

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

HF 2042

1 Section 1. Section 249J.23, subsection 1, Code Supplement
2 2005, is amended to read as follows:

3 1. An account for health care transformation is created in
4 the state treasury under the authority of the department.
5 Moneys received ~~through the physician payment adjustment as~~
6 ~~described in 2003 Iowa Acts, chapter 1127, section 11,~~
7 ~~subsection 17, and through the adjustment to hospital payments~~
8 ~~to provide an increased base rate to offset the high costs~~
9 ~~incurred for providing services to medical assistance patients~~
10 ~~as described in 2004 Iowa Acts, chapter 1175, section 86,~~
11 ~~subsection 2, paragraph "b",~~ from sources including but not
12 limited to appropriations from the general fund of the state,
13 grants, and contributions shall be deposited in the account.
14 The account shall include a separate premiums subaccount.
15 Revenue generated through payment of premiums by expansion
16 population members as required pursuant to section 249J.8
17 shall be deposited in the separate premiums subaccount within
18 the account.

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

23 (1) ~~If the~~ The department of human services ~~adjusts~~ shall
24 adjust hospital payments to provide an increased base rate to
25 offset the high cost incurred for providing services to
26 medical assistance patients ~~on or prior to July 1~~ during the
27 fiscal year ending June 30, 2005, ~~a portion of the amount~~
28 ~~specified in this unnumbered paragraph equal to the increased~~
29 ~~Medicaid payment shall be transferred by the university of~~
30 ~~Iowa hospitals and clinics to the medical assistance fund of~~
31 ~~the department of human services. Of the amount transferred,~~
32 ~~an amount equal to the federal share of the payments shall be~~
33 ~~transferred to the account for health care transformation~~
34 ~~created in section 249J.22.~~ The amount of the payment
35 adjustment made pursuant to this subparagraph (1) shall be

1 \$25,267,017.

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

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

11 1. For the fiscal years beginning July 1, 2003, and ending
12 June 30, 2004, and beginning July 1, 2004, and ending June 30,
13 2005, the department of human services shall institute a
14 supplemental payment adjustment applicable to physician
15 services provided to medical assistance recipients at ~~publicly~~
16 owned state-owned acute care teaching hospitals. The
17 adjustment shall generate supplemental payments to physicians
18 which are equal to the difference between the physician's
19 charge average reimbursement from nongovernmental payors and
20 the physician's fee schedule under the medical assistance
21 program. ~~To-the-extent-of-the-supplemental-payments,-a~~
22 ~~qualifying-hospital-shall,-after-receipt-of-the-payments,-~~
23 ~~transfer-to-the-department-of-human-services-an-amount-equal~~
24 ~~to-the-actual-supplemental-payments-that-were-made-in-that~~
25 ~~month.--The-department-of-human-services-shall-deposit-these~~
26 ~~payments-in-the-department's-medical-assistance-account.~~ The
27 payment adjustment amount made pursuant to this subsection
28 shall equal \$34,423,090. The department of human services
29 shall amend the medical assistance state plan as necessary to
30 implement this section. The department may adopt emergency
31 rules to implement this section. The department of human
32 services shall amend the medical assistance state plan to
33 eliminate this provision effective June 30, 2005.

34 Sec. 4. TRANSFER, APPROPRIATION, AND DEPOSIT OF FUNDS.
35 Upon receipt of the supplemental payments described in

1 sections 1 and 2 of this Act, the university of Iowa shall
2 transfer to the general fund of the state, from whatever
3 source available, an amount equal to the appropriations made
4 pursuant to 2003 Iowa Acts, chapter 182, section 9, subsection
5 2, paragraph "b", as modified by executive orders 31 and 36,
6 and pursuant to 2004 Iowa Acts, chapter 1175, section 86,
7 subsection 2, paragraph "b", except that the total amount
8 transferred shall not exceed \$54,639,129. Of the amount
9 transferred to the general fund of the state pursuant to this
10 section, \$21,186,597 is appropriated and shall be deposited in
11 the medical assistance account of the department of human
12 services and \$33,452,532 is appropriated and shall be
13 deposited in the account for health care transformation
14 created in section 249J.23.

15 Sec. 5. ACTIVITIES SUBSEQUENT TO TRANSFER AND PAYMENTS.
16 Subsequent to the transfer of funds by the university of Iowa
17 to the general fund of the state pursuant to section 4 of this
18 Act, the supplemental payments made to the university of Iowa
19 hospitals and clinics and to the carver college of medicine
20 faculty practice plan by the department of human services
21 pursuant to sections 2 and 3 of this Act are irrevocable,
22 notwithstanding any subsequent decision by the centers for
23 Medicare and Medicaid services of the United States department
24 of health and human services or any other state or federal
25 agency. The department of human services is solely
26 responsible for any repayment or payment of any penalty or
27 fine assessed by any state or federal agency on any party
28 relative to the transactions pursuant to sections 2, 3, and 4
29 of this Act.

30 Sec. 6. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

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

33 2. The provision of this Act amending 2003 Iowa Acts,
34 chapter 112, section 11, is retroactively applicable to May 2,
35 2003.

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

4 EXPLANATION

5 This bill revises the mechanisms to provide funding for the
6 purposes of the health care transformation account. Instead
7 of requiring the university of Iowa hospitals and clinics
8 (UIHC) to transfer the amount of the increase resulting from
9 hospital payment adjustments during fiscal year 2004-2005 and
10 from supplemental payment adjustments for physician services
11 provided to medical assistance patients during fiscal years
12 2003-2004 and 2004-2005 back to the department of human
13 services, the department of human services will pay the UIHC
14 and the carver college of medicine faculty practice plan a
15 specific amount for each payment adjustment, which the UIHC
16 and the carver college of medicine faculty practice plan will
17 retain. Once the payment adjustment amounts are paid, the
18 university of Iowa will transfer an amount equal to the
19 amounts appropriated from the general fund of the state to the
20 UIHC for the indigent care program for FY 2003-2004 and FY
21 2004-2005, from whatever source available, not to exceed a
22 total of \$54,639,129, to the general fund of the state, and
23 this amount is then appropriated and is divided into specified
24 amounts for deposit into the medical assistance account of the
25 department of human services and into the account for health
26 care transformation.

27 The bill also provides that once the transfer of funds by
28 the university of Iowa to the general fund of the state is
29 made, the supplemental payments made to the university of Iowa
30 hospitals and clinics and the carver college of medicine
31 faculty practice plan by the department of human services are
32 irrevocable, notwithstanding any subsequent decision by state
33 or federal agencies, and the department of human services is
34 solely responsible for any repayment or payment of any penalty
35 or fine assessed by any state or federal agency on any party

1 relative to those transactions.

2 The bill takes effect upon enactment and portions of the
3 bill are retroactively applicable.

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35