

FEB 10 2006
APPROPRIATIONS

HOUSE FILE 2347
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO HF 2042)

Passed House, Date 3-1-06 Passed Senate, Date _____
Vote: Ayes 96 Nays 0 Vote: Ayes _____ Nays _____
Approved March 9, 2006

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

HF 2347

H-8060

HOUSE FILE 2347

1 Amend House File 2347 as follows:
2 1. Page 3, by striking line 17, and inserting the
3 following: "department of human services for the
4 fiscal year".
5 2. Page 3, by striking line 21, and inserting the
6 following:
7 "For payments to the university of Iowa hospitals
8 and clinics for provision of services pursuant to and
9 for costs".

H-8060 FILED FEBRUARY 28, 2006 By CARROLL of Poweshiek

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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-112,section-11,~~
7 ~~subsection-1, 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 \$20,216,039.

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 2 and 3 of this Act, the university of Iowa shall
2 transfer to the general fund of the state, from whatever
3 source available, \$54,639,129, which is an amount equal to the
4 appropriations made pursuant to 2003 Iowa Acts, chapter 182,
5 section 9, subsection 2, paragraph "b", as modified by
6 executive orders 31 and 36, and pursuant to 2004 Iowa Acts,
7 chapter 1175, section 86, subsection 2, paragraph "b". Of the
8 amount transferred to the general fund of the state pursuant
9 to this section, \$19,350,061 is appropriated and shall be
10 deposited in the medical assistance account of the department
11 of human services and \$35,289,068 is appropriated and shall be
12 deposited in the account for health care transformation
13 created in section 249J.23.

14 Sec. 5. APPROPRIATION -- HEALTH CARE TRANSFORMATION
15 ACCOUNT. There is appropriated from the account for health
16 care transformation created in section 249J.23, to the
17 university of Iowa hospitals and clinics for the fiscal year
18 beginning July 1, 2005, and ending June 30, 2006, the
19 following amount, or so much thereof as is necessary, for the
20 purposes designated:

21 For provision of services pursuant to and for costs
22 associated with chapter 249J:
23 \$ 2,000,000

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

29 Sec. 6. ACTIVITIES SUBSEQUENT TO TRANSFER AND PAYMENTS.
30 Subsequent to the transfer of funds by the university of Iowa
31 to the general fund of the state pursuant to section 4 of this
32 Act, the supplemental payments made to the university of Iowa
33 hospitals and clinics and to the carver college of medicine
34 faculty practice plan by the department of human services
35 pursuant to sections 2 and 3 of this Act are irrevocable,

1 notwithstanding any subsequent decision by the centers for
2 Medicare and Medicaid services of the United States department
3 of health and human services or any other state or federal
4 agency. The department of human services is solely
5 responsible for any repayment or payment of any penalty or
6 fine assessed by any state or federal agency on any party
7 relative to the transactions pursuant to sections 2, 3, and 4
8 of this Act.

9 Sec. 7. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

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

12 2. The provision of this Act amending 2003 Iowa Acts,
13 chapter 112, section 11, is retroactively applicable to May 2,
14 2003.

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

18 EXPLANATION

19 This bill revises the mechanisms to provide funding for the
20 purposes of the health care transformation account. Instead
21 of requiring the university of Iowa hospitals and clinics
22 (UIHC) to transfer the amount of the increase resulting from
23 hospital payment adjustments during fiscal year 2004-2005 and
24 from supplemental payment adjustments for physician services
25 provided to medical assistance patients during fiscal years
26 2003-2004 and 2004-2005 back to the department of human
27 services, the department of human services will pay the UIHC
28 and the carver college of medicine faculty practice plan a
29 specific amount for each payment adjustment, which the UIHC
30 and the carver college of medicine faculty practice plan will
31 retain. Once the payment adjustment amounts are received, the
32 university of Iowa will transfer to the general fund of the
33 state, \$54,639,129, from whatever sources available, which is
34 an amount equal to the amounts appropriated from the general
35 fund of the state to the UIHC for the indigent care program

1 for FY 2003-2004 and FY 2004-2005. This amount is then
2 appropriated and is divided into specified amounts for deposit
3 into the medical assistance account of the department of human
4 services and into the account for health care transformation.

5 The bill also provides that once the transfer of funds by
6 the university of Iowa to the general fund of the state is
7 made, the supplemental payments made to the university of Iowa
8 hospitals and clinics and the carver college of medicine
9 faculty practice plan by the department of human services are
10 irrevocable, notwithstanding any subsequent decision by state
11 or federal agencies, and the department of human services is
12 solely responsible for any repayment or payment of any penalty
13 or fine assessed by any state or federal agency on any party
14 relative to those transactions.

15 The bill also makes an appropriation from the account for
16 health care transformation to the University of Iowa hospitals
17 and clinics of \$2 million for FY 2005-2006.

18 The bill takes effect upon enactment and portions of the
19 bill are retroactively applicable.

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HOUSE FILE 2347
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO HF 2042)

(As Amended and Passed by the House March 1, 2006)

Passed House, Date _____ Passed Senate, Date 3-1-06
Vote: Ayes _____ Nays _____ Vote: Ayes 50 Nays 0
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:

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7 House Amendments _____
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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 112, section 11,~~
7 ~~subsection 1, 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 \$20,216,039.

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 2 and 3 of this Act, the university of Iowa shall
2 transfer to the general fund of the state, from whatever
3 source available, \$54,639,129, which is an amount equal to the
4 appropriations made pursuant to 2003 Iowa Acts, chapter 182,
5 section 9, subsection 2, paragraph "b", as modified by
6 executive orders 31 and 36, and pursuant to 2004 Iowa Acts,
7 chapter 1175, section 86, subsection 2, paragraph "b". Of the
8 amount transferred to the general fund of the state pursuant,
9 to this section, \$19,350,061 is appropriated and shall be
10 deposited in the medical assistance account of the department
11 of human services and \$35,289,068 is appropriated and shall be
12 deposited in the account for health care transformation
13 created in section 249J.23.

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

21 For payments to the university of Iowa hospitals and
22 clinics for provision of services pursuant to and for costs
23 associated with chapter 249J:
24 \$ 2,000,000

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

30 Sec. 6. ACTIVITIES SUBSEQUENT TO TRANSFER AND PAYMENTS.
31 Subsequent to the transfer of funds by the university of Iowa
32 to the general fund of the state pursuant to section 4 of this
33 Act, the supplemental payments made to the university of Iowa
34 hospitals and clinics and to the carver college of medicine
35 faculty practice plan by the department of human services

1 pursuant to sections 2 and 3 of this Act are irrevocable,
2 notwithstanding any subsequent decision by the centers for
3 Medicare and Medicaid services of the United States department
4 of health and human services or any other state or federal
5 agency. The department of human services is solely
6 responsible for any repayment or payment of any penalty or
7 fine assessed by any state or federal agency on any party
8 relative to the transactions pursuant to sections 2, 3, and 4
9 of this Act.

10 Sec. 7. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

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

13 2. The provision of this Act amending 2003 Iowa Acts,
14 chapter 112, section 11, is retroactively applicable to May 2,
15 2003.

16 3. The provision of this Act amending 2004 Iowa Acts,
17 chapter 1175, section 86, is retroactively applicable to May
18 17, 2004.

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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 11,
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 249J.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 _____, 2006

THOMAS J. VILSACK
Governor