

Senate Study Bill 1200

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR'S
BILL)

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

A BILL FOR

1 An Act relating to psychiatric medical institution for children
2 services and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1680XL 83
5 jp/rj/14

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1 1 Section 1. PSYCHIATRIC MEDICAL INSTITUTIONS FOR CHILDREN
1 2 == REIMBURSEMENT.
1 3 1. For the purposes of this section, unless the context
1 4 otherwise requires, "psychiatric institution" means a
1 5 psychiatric medical institution for children licensed under
1 6 chapter 135H and receiving medical assistance program
1 7 reimbursement.
1 8 2. The department of human services, in consultation with
1 9 psychiatric institution providers, shall develop a cost-based
1 10 rate setting methodology with levels of reimbursement based on
1 11 acuity for psychiatric institution providers in accordance
1 12 with this section.
1 13 3. a. For the fiscal year beginning July 1, 2009, and
1 14 ending June 30, 2010, the maximum reimbursement rate for
1 15 psychiatric institution providers shall be 103 percent of the
1 16 patient-day weighted statewide average cost of psychiatric
1 17 institution providers located within the state, based on the
1 18 cost reports as of December 31, 2009. However, the average
1 19 cost computation shall not include the psychiatric institution
1 20 at the state mental health institute located at Independence
1 21 and upon receiving federal approval, the reimbursement rate
1 22 for that psychiatric institution shall be as provided in the
1 23 state plan amendment under subsection 5.
1 24 b. Notwithstanding paragraph "a", on a case-by-case basis
1 25 for psychiatric institution services provided to children with
1 26 intensive needs who would otherwise require placement outside
1 27 the state, the department may apply an exception to policy
1 28 process to authorize provider reimbursement in excess of the
1 29 maximum reimbursement rate under paragraph "a".
1 30 4. a. By January 1, 2010, the department shall develop a
1 31 methodology for cost-based reimbursement with an acuity
1 32 adjustment based on the aggregate acuity level of each
1 33 psychiatric institution's patient mix. Under the methodology,
1 34 each psychiatric institution's aggregate acuity level shall be
1 35 recalculated periodically. The department shall work with
2 1 psychiatric institution provider representatives to develop
2 2 the methodology.
2 3 b. The department shall implement the cost-based
2 4 reimbursement with acuity adjustment methodology beginning on
2 5 July 1, 2010.
2 6 5. The department shall submit a medical assistance state
2 7 plan amendment to the centers for Medicare and Medicaid
2 8 services of the United States department of health and human
2 9 services requesting authorization to reimburse the psychiatric
2 10 institution at the state mental health institute located at
2 11 Independence at 100 percent of actual costs. Upon receiving
2 12 approval of the waiver, for the fiscal year beginning July 1,
2 13 2009, an amount equivalent to the resulting savings shall be
2 14 transferred from the appropriation for the state mental health
2 15 institute at Independence to the medical assistance
2 16 appropriation to be used for the purposes described in this
2 17 section.
2 18 6. The department shall track the number of admissions of
2 19 Iowa children to out-of-state psychiatric medical institutions

2 20 for children and the corresponding expenditures, and if
2 21 necessary, shall adopt utilization control strategies to
2 22 assure that utilization of such out-of-state admission is
2 23 reduced.

2 24 7. The department, in consultation with providers, shall
2 25 develop and implement outcome measures for all psychiatric
2 26 institution providers beginning on July 1, 2010.

2 27 8. The department of human services shall adopt rules
2 28 pursuant to chapter 17A to implement this section.

2 29 Sec. 2. Section 249A.31, Code 2009, is amended by adding
2 30 the following new unnumbered paragraph:

2 31 NEW UNNUMBERED PARAGRAPH. Effective July a, 2010, the
2 32 department shall apply a cost-based reimbursement methodology
2 33 for reimbursement of psychiatric medical institution for
2 34 children providers.

2 35 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
3 1 immediate importance, takes effect upon enactment.

3 2 EXPLANATION

3 3 This bill relates to psychiatric medical institution for
3 4 children (PMIC) services by providing for development and
3 5 implementation of a new reimbursement methodology that is
3 6 acuity-based and by addressing other PMIC service provisions.

3 7 The department of human services (DHS) is directed to work
3 8 with PMIC providers in developing the new reimbursement
3 9 methodology to be implemented beginning on July 1, 2010. For
3 10 fiscal year 2009=2010, the maximum reimbursement rate for PMIC
3 11 providers other than the PMIC at the state mental health
3 12 institute located at Independence, is limited to a specified
3 13 percentage of certain average costs. DHS may utilize the
3 14 exception to policy process on a case-by-case basis to
3 15 authorize a higher rate for services provided to children with
3 16 intensive needs who would otherwise be placed out-of-state.
3 17 DHS is required to track out-of-state PMIC placements and
3 18 apply utilization controls strategies to assure a reduction in
3 19 out-of-state PMIC admissions.

3 20 The department is required to apply for state medical
3 21 assistance plan amendment for authority to reimburse the PMIC
3 22 located at the state mental health institute for 100 percent
3 23 of actual costs. Any resulting savings to that institute's
3 24 appropriation for fiscal year 2009=2010 is to be transferred
3 25 to the medical assistance (Medicaid) program appropriation to
3 26 be used for the purposes in the bill.

3 27 The department is also required to work with PMIC providers
3 28 to develop and implement outcome measures for PMIC providers
3 29 beginning on July 1, 2010.

3 30 The department is required to adopt rules to implement the
3 31 bill.

3 32 Code section 249A.31, relating to cost-based reimbursement
3 33 under the Medicaid program, is amended to require permanent
3 34 cost-based reimbursement of PMICs effective July 1, 2010.

3 35 The bill takes effect upon enactment.

4 1 LSB 1680XL 83

4 2 jp/rj/14.1