

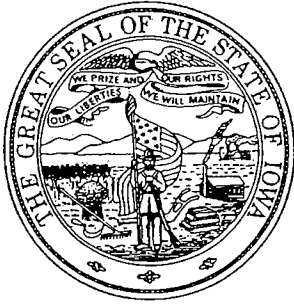
DEPARTMENT OF HUMAN SERVICES
NOTICE OF CHANGES IN STATEWIDE METHODS AND STANDARDS FOR
SETTING MEDICAID PAYMENT RATES

In accordance with the public notice requirements of 42 CFR 447.205, the Department of Human Services publishes this notice of changes in the Medicaid reimbursement methodology for Iowa state-owned hospitals with over 500 beds.

In addition to the Medicaid rates currently paid to hospitals, any hospital that is an Iowa state-owned hospital with over 500 beds will qualify to receive an additional Medicaid payment adjustment for inpatient services. This additional payment, referred to as a "high cost adjustment," reflects the high cost incurred for providing services to Medicaid patients. The amount of the high cost adjustment will be set annually, before the beginning of each fiscal year, at the amount necessary to increase total payments to qualifying hospitals for inpatient care up to the lesser of the Medicare upper payment limit or the hospital-specific limit, in accordance with 42 CFR 447.272 and 42 USC 1396r-4(g). This change is expected to increase payments for inpatient hospital services by approximately \$21.5 million per State fiscal year. The proposed effective date is July 1, 2004.

Proposed changes to state administrative rules to implement the high cost adjustment are available for public review at Department of Human Services county offices. Questions or comments concerning the proposed changes may be addressed to Patricia Ernst-Becker, Department of Human Services, Division of Medical Services, 1305 E. Walnut Street, Des Moines, IA. 50319-0114, (515) 281-8433. Comments received may be reviewed by the public by contacting Ms. Ernst-Becker at the above address.

Eugene I. Gessow
Iowa Medicaid Director
Department of Human Services



IOWA ADMINISTRATIVE BULLETIN

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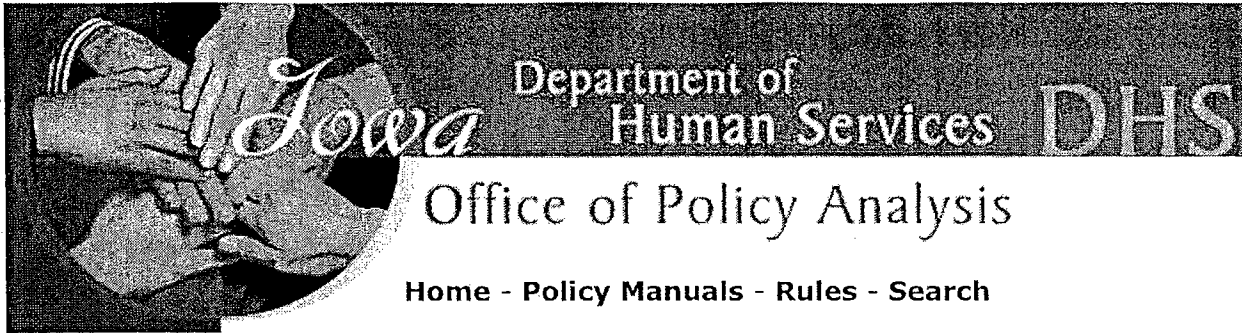
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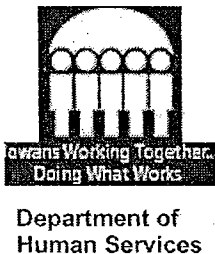
Human Services Rules: What's New

This page lists rule changes under notice by the Department on which the comment period has not expired. You can access the text of the notice by clicking on the ARC number link. These rules are also listed on the Rules Docket with all of the other Department rules currently in process.

You may comment on the noticed rules until the end of the comment period as specified below. Submit comments either:

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- Policy Analysis Home
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- In writing to the Office of Policy Analysis, Department of Human Services, 5th Floor, 1305 E Walnut Street, Des Moines, Iowa 50319-0114.
- At the public hearing, if applicable (see **Public Hearing List**).
- Via e-mail to PolicyAnalysis@dhs.state.ia.us.
- Via fax to the Office of Policy Analysis at 515-281-4980.



Subject and Iowa Administrative Bulletin Citation	Status	End of Comment Period	Targeted Effective Date
Medicaid: Implement IowaCare Medicaid expansion (ARC 4330B-7/6/05)	Noticed, Adopted	8/15/05	12/14/05
Child Care Assistance: Increase income limits and reimbursement rates; update fee schedule (ARC 4401B-8/3/05)	Noticed, Adopted	9/7/05	12/14/05
Medicaid: Clarify IowaCare eligibility, premium payment, and benefits (ARC 4399B-8/3/05)	Noticed, Adopted	9/7/05	12/14/05

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HUMAN SERVICES DEPARTMENT [441]

Notice of Intended Action

Pursuant to the authority of Iowa Code section 249A.4 and 2005 Iowa Acts, House File 841, section 66, the Department of Human Services proposes to amend Chapter 85, "Services in Psychiatric Institutions" and adopt new Chapter 92, "IowaCare," Iowa Administrative Code.

This chapter implements the expansion of the Iowa Medicaid program directed by 2005 Iowa Acts, House File 841. This legislation takes effect on July 1, 2005, pending the approval of waivers of federal Medicaid requirements that the Department has submitted to the Centers for Medicare and Medicaid Services.

House File 841 provides that inpatient and outpatient services at the state mental health institutes shall be covered services for adults. Previously coverage had been limited to persons under 21, persons 65 or over, and persons covered through the Iowa Plan for Behavioural Health.

House File 841 also creates a new Medicaid program called "IowaCare." IowaCare extends limited Medicaid eligibility to:

- People ages 19 through 64 whose household income is less than 200 percent of the federal poverty level and who do not qualify under any other Medicaid coverage group.

- Pregnant women whose gross income is under 300 percent of the federal poverty level and whose allowable medical expenses bring their countable income to below 200 percent of the federal poverty level and their newborn children.

Eligibility for IowaCare is determined on a 12-month basis, based on an applicant's declared circumstances. Retroactive eligibility is limited to one month. Members must pay a premium for IowaCare coverage, based on 2 percent of the poverty-level increment if the household's income is at or below 100 percent of the federal poverty level or 5 percent of the poverty-level increment if the household's income is more than 100 percent of the federal poverty level. A member must pay for at least four months of premiums. On a month-by-month basis, a member may pay a zero premium due to hardship.

Medicaid services for IowaCare members in the 19-to-64 group must be provided by a member of the IowaCare provider network, which includes:

- Broadlawns Medical Center in Des Moines.
- The University of Iowa Hospitals and Clinics.
- The state mental health institutes at Cherokee, Clarinda, Independence, and Mount Pleasant, exclusive of the units providing substance abuse treatment, services to gero-psychiatric patients, or treatment for sexually violent predators.

Under IowaCare, covered services are initially limited to the following services, as available from the network providers:

- Inpatient and outpatient hospital care.
- Physician and advanced registered nurse practitioner services.
- Certain dental services.
- Certain pharmacy services.
- Transportation to and from the network provider.

IowaCare places no obligation on the provider network to offer these services or to change the availability of services, including availability based on residence.

For IowaCare members qualifying as pregnant women, the covered services include pregnancy-related services and newborn care. Women who live in Cedar, Clinton, Iowa, Johnson, Keokuk, Louisa, Muscatine, Scott, or Washington Counties must receive these services from the University of Iowa Hospitals and Clinics. Women who live in other counties may receive these services from any provider participating in the Iowa Medicaid program.

IowaCare is not an entitlement program. Therefore, when available funds are committed before the end of the fiscal year, the program will be discontinued until funding is received for the next fiscal year. Approval of applications will be suspended, and applications may be approved for only partial benefits.

These amendments do not provide for waivers in specified situations. The Department has general procedures for requesting an exception to policy at 441--1.8(17A,217).

Any interested person may make written comments on the proposed amendments on or

before August 15, 2005. Comments should be directed to Mary Ellen Imlau, Office of Policy Analysis, Department of Human Services, Hoover State Office Building, 1305 East Walnut Street, Des Moines, Iowa 50319-0114. Comments may be sent by fax to (515)281-4980 or by E-mail to policyanalysis@dhs.state.ia.us.

These amendments were also Adopted and Filed Emergency and are published herein as ARC 4315B. The purpose of this Notice is to solicit comment on that submission, the subject matter of which is incorporated by reference.

These amendments are intended to implement 2005 Iowa Acts, House File 841, divisions I and II and section 15, subsection 1.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code section 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515)281-5279 before the Administrative Rules Review Committee's review of this rule making.

Date

Mary Ellen Imlau, Rules Administrator
Designee of Director

ADMINISTRATIVE RULE FISCAL IMPACT STATEMENT

Date: June 13, 2005

Agency: Human Services

IAC citation: 441 IAC 85.1, 85.8, new Chapter 92

Agency contact: Donna Carter, P. C. Keen

Summary of the rule:

These rules:

- ◆ Allow for Medicaid payment for care in an institution for mental diseases for provided at Cherokee, Clarinda, Independence, and Mount Pleasant for individuals age 21 to 64 years old.
- ◆ Implements the IowaCare program that provides limited Medicaid services to an expanded population through a limited provider network.

Fill in this box if the impact meets these criteria:

No fiscal impact to the state.

Fiscal impact of less than \$100,000 annually or \$500,000 over 5 years.

Fiscal impact cannot be determined.

Brief explanation:

Fill in the form below if the impact does not fit the criteria above:

Fiscal impact of \$100,000 annually or \$500,000 over 5 years.

Fill in the rest of the *Fiscal Impact Statement* form.

Assumptions:

36.40% state match rate for SFY 2006

37.12% state match rate for SFY 2007

Total dollar amounts appropriated from HF 841:

University of Iowa Healthcare	\$27,284,584
Broadlawns	\$37,000,000
Cherokee MHI	\$ 9,098,425
Clarinda MHI	\$ 1,977,305
Independence MHI	\$ 9,045,894
Mt. Pleasant MHI	\$ 5,752,587
Total dollar amounts appropriated	\$90,158,795

Current estimate is that not all payments will be eligible for federal match. State match available is \$34,000,000. The remainder will be federal dollars.

Describe how estimates were derived:

	<u>SFY 2006</u>	<u>SFY 2007</u>
Total dollars	\$90,158,795	\$90,158,795
State match	\$(34,000,000)	\$(34,000,000)
Federal dollars	\$56,158,795	\$56,158,795

Estimated Impact to the State by Fiscal Year

	<u>Year 1 (FY 2006)</u>	<u>Year 2 (FY 2007)</u>
Revenue by each source:		
General fund		
Federal funds		
Other (specify):		
TOTAL REVENUE		
Expenditures:		
General fund	\$34,000,000	\$34,000,000
Federal funds	\$56,158,795	\$56,158,795
Other (specify):		

	TOTAL EXPENDITURES	\$90,158,795	\$90,158,795
NET IMPACT		\$90,158,795	\$90,158,795

This rule is required by state law or federal mandate.
Please identify the state or federal law:

2005 Iowa Acts, House File 841

Funding has been provided for the rule change.
Please identify the amount provided and the funding source:

Funding has not been provided for the rule.
Please explain how the agency will pay for the rule change:

Fiscal impact to persons affected by the rule:

Fiscal impact to counties or other local governments (required by Iowa Code 25B.6):

Agency representative preparing estimate: Dean Wheeler
Telephone number: 281-6022

HUMAN SERVICES DEPARTMENT [441]

Notice of Intended Action

Pursuant to the authority of Iowa Code section 249A.4 and 2005 Iowa Acts, House File 841, section 66, the Department of Human Services proposes to amend Chapter 92, "IowaCare," Iowa Administrative Code.

2005 Iowa Acts, House File 841, created a new Medicaid program called "IowaCare," offering limited benefits from a limited provider network to persons otherwise ineligible for Medicaid. Rules to implement this program were Adopted and Filed Emergency and published in the Iowa Administrative Bulletin on July 6, 2005, as ARC 4325B. These amendments make changes to those rules to address issues that have arisen during training and in negotiations with the Centers for Medicare and Medicaid Services over approval of the waivers necessary to operate this program with federal financial participation.

Changes are as follows:

- IowaCare members are required to cooperate with the quality control unit and with the DIA Investigations Unit.
- Persons who have an application pending for Supplemental Security Income or for Social security disability may be eligible for IowaCare.
- The post office box and the zip code for mailing premiums have been changed.
- To have the premium reduced to zero due to a hardship, the member's signed statement declaring a hardship must be received by the premium due date.

- Women whose income is at or below 300% of the federal poverty level and whose family medical expenses cause their income to fall to or below 200% of the federal poverty level and their newborn children are eligible for IowaCare enrollment in addition to expanded access to maternity and newborn care.

These amendments do not provide for waivers in specified situations. Individuals may request a waiver under the Department's general rule on exceptions at 441--1.8(17A,217).

Any interested person may make written comments on the proposed amendments on or before August 24, 2005. Comments should be directed to Mary Ellen Imlau, Office of Policy Analysis, Department of Human Services, Hoover State Office Building, 1305 East Walnut Street, Des Moines, Iowa 50319-0114. Comments may be sent by fax to (515)281-4980 or by E-mail to policyanalysis@dhs.state.ia.us.

These amendments were also Adopted and Filed Emergency and are published herein as ARC 4398B. The purpose of this Notice is to solicit comment on that submission, the subject matter of which is incorporated by reference.

These amendments are intended to implement 2005 Iowa Acts, House File 841, divisions I and II, and section 15, subsection 1.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code section 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515)281-5279 before the Administrative Rules Review Committee's review of this rule making.

Date

Mary Ellen Imlau, Rules Administrator
Designee of Director