

are provided for children requiring special education who are residents of the school district in which the child has been placed. The special education instructional costs shall be paid as provided in section 282.31, subsection 2 or 3.

Sec. 9. Section 282.31, subsection 1, paragraph b, subparagraph (1), Code 2009, is amended to read as follows:

(1) A child who lives in a facility or other placement pursuant to section 282.19, and who does not require special education and who is enrolled in the educational program of the district of residence at the time the child is placed, shall be included in the basic enrollment of the school district in which the child is enrolled. A child who lives in a facility or ~~home~~ other placement pursuant to section 282.19, and who does not require special education and who is not enrolled in the educational program of the district of residence of the child, shall be included in the basic enrollment of the school district in which the facility or ~~home~~ other placement is located.

Sec. 10. Section 282.31, subsection 2, paragraph a, Code 2009, is amended to read as follows:

a. The actual special education instructional costs incurred for a child who lives in a facility or other placement pursuant to section 282.19 or for a child who is placed in a facility or home pursuant to section 282.29, who requires special education and who is not enrolled in the educational program of the district of residence of the child but who receives an educational program from the district in which the facility, ~~or home,~~ or other placement is located, shall be paid by the district of residence of the child to the district in which the facility, ~~or home,~~ or other placement is located, and the costs shall include the cost of transportation.

Approved May 22, 2009

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## CHAPTER 121

### PSYCHIATRIC MEDICAL INSTITUTIONS FOR CHILDREN — REIMBURSEMENT

S.F. 236

**AN ACT** relating to psychiatric medical institution for children services and providing an effective date.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. PSYCHIATRIC MEDICAL INSTITUTIONS FOR CHILDREN — REIMBURSEMENT.

1. For the purposes of this section, unless the context otherwise requires, “psychiatric institution” means a psychiatric medical institution for children licensed under chapter 135H and receiving medical assistance program reimbursement.

2. The department of human services, in consultation with psychiatric institution providers, shall develop a cost-based rate setting methodology with levels of reimbursement based on acuity for psychiatric institution providers in accordance with this section.

3. a. For the fiscal year beginning July 1, 2009, and ending June 30, 2010, psychiatric institution providers may submit a projected cost report to be used to set a prospective rate for the rate period of July 1, 2009, through June 30, 2010. For that fiscal year, the maximum reim-

bursement rate for psychiatric institution providers shall be 103 percent of the patient-day weighted statewide average cost of psychiatric institution providers located within the state, based on the cost reports for the preceding fiscal year. However, the average cost computation shall not include the psychiatric institution at the state mental health institute located at Independence, and upon receiving federal approval, the reimbursement rate for that psychiatric institution shall be as provided in the state plan amendment under subsection 5. The reimbursement payments made to psychiatric institution providers for the fiscal year beginning July 1, 2009, and ending June 30, 2010, shall be cost settled to actual cost, not to exceed the maximum reimbursement rate for the fiscal year. Any overpayment amount shall be returned within 30 days of submission of a notice of overpayment to the provider.

b. Notwithstanding paragraph "a", on a case-by-case basis for psychiatric institution services provided to children with intensive needs who would otherwise require placement outside the state, the department may apply an exception to policy process to authorize provider reimbursement in excess of the maximum reimbursement rate under paragraph "a".

4. a. By January 1, 2010, the department shall develop a methodology for cost-based reimbursement with an acuity adjustment based on the aggregate acuity level of each psychiatric institution's patient mix. Under the methodology, each psychiatric institution's aggregate acuity level shall be recalculated periodically. The department shall work with psychiatric institution provider representatives to develop the methodology.

b. The department shall implement the cost-based reimbursement with acuity adjustment methodology beginning on July 1, 2010.

5. The department shall submit a medical assistance state plan amendment to the centers for Medicare and Medicaid services of the United States department of health and human services requesting authorization to reimburse the psychiatric institution at the state mental health institute located at Independence at 100 percent of actual costs. Upon receiving approval of the plan amendment, for the fiscal year beginning July 1, 2009, an amount equivalent to the resulting savings shall be transferred from the appropriation for the state mental health institute at Independence to the medical assistance appropriation to be used for the purposes described in this section.

6. The department shall track the number of admissions of Iowa children to out-of-state psychiatric medical institutions for children and the corresponding expenditures, and if necessary, shall adopt utilization control strategies to assure that utilization of such out-of-state admission is reduced, while maintaining access to treatment options that are in the best interests of the child and the child's family.

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

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

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

NEW UNNUMBERED PARAGRAPH. Effective July 1, 2010, the department shall apply a cost-based reimbursement methodology for reimbursement of psychiatric medical institution for children providers.

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

Approved May 22, 2009