CENTERS FOR MEDICARE & MEDICAID SERVICES
SPECIAL TERMS AND CONDITIONS

NUMBER: 11-W-00189/7

TITLE: IowaCare

AWARDEE: Iowa Department of Human Services

I. PREFACE

The following are the Special Terms and Conditions (STCs) for Iowa's IowaCare section 1115(a) Medicaid Demonstration (hereinafter referred to as "Demonstration"). The parties to this agreement are the Iowa Department of Human Services (State) and the Centers for Medicare & Medicaid Services (CMS). The STCs set forth in detail the nature, character, and extent of Federal involvement in the Demonstration and the State's obligations to CMS during the life of the Demonstration. The amended STCs are effective July 1, 2013, unless otherwise specified. This Demonstration is approved through December 31, 2013.

The amended STCs have been arranged into the following subject areas:

I. Preface
II. Program Description and Objectives
III. General Program Requirements
IV. Eligibility Determination, Enrollment, and Disenrollment
V. Benefits
VI. Cost Sharing
VII. Delivery Systems
VIII. General Reporting Requirements
IX. General Financial Requirements
X. Monitoring Budget Neutrality for the Demonstration
XI. Benchmarks
XII. Evaluation
XIII. Schedule of State Deliverables During the Demonstration

II. PROGRAM DESCRIPTION AND OBJECTIVES

The IowaCare Demonstration was originally approved and began implementation on July 1, 2005. Under this renewal, the State will continue to provide health care services to the Expansion Population and Spend-down Pregnant Women populations. During the renewal period, children with serious emotional disorders will be served under a 1915(c) home and community-based services waiver.

Under this Demonstration extension, Iowa expects to achieve the following to promote the objectives of title XIX:

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Under this Demonstration extension, Iowa expects to achieve the following to promote the objectives of title XIX:

draft design must identify whether the State will conduct the evaluation, or select an outside contractor for the evaluation. ACCOMPLISHED.

55. **Interim Evaluation Reports**. In the event the State requests to extend the Demonstration beyond the current approval period under the authority of §1115(a), (e), or (f) of the Act, the State must submit an interim evaluation report as part of the State's request for each subsequent renewal.

56. **Final Evaluation Design and Implementation.** CMS shall provide comments on the draft evaluation design within 60 days of receipt, and the State shall submit a final design within 60 days of receipt of CMS comments. The State must implement the evaluation design and submit its progress in each of the quarterly and annual progress reports. The State must submit to CMS a draft of the evaluation report within 120 days after expiration of the Demonstration. CMS must provide comments within 60 days after receipt of the report. The State must submit the final evaluation report within 60 days after receipt of CMS comments.

57. **Cooperation with Federal Evaluators.** Should CMS undertake an independent evaluation of any component of the Demonstration, the State shall cooperate fully with CMS or the independent evaluator selected by CMS. The State shall submit the required data to CMS or the contractor.

XIII. SCHEDULE OF STATE DELIVERABLES DURING THE DEMONSTRATION

Date – Specific	Deliverable	STC Reference
12/01/2010	Submit plan to phase-in additional FQHCs	Section XI, paragraph 1
12/15/2010	Submit results of review to cover transportation costs	Section XI, paragraph 1
01/01/2011	Submit Draft Evaluation Design	Section XII, paragraph 1
Annual	By Nov. 1st - Draft Annual Report	Section VIII, paragraph 5
Quarterly	Quarterly Progress Reports	Section VIII, paragraph 4

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IowaCare Special Terms and Conditions¶
Medical Home Requirements¶

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Payments to all providers in the provider network serving Demonstration Populations 1 and 2 shall be based on claims submitted by the providers for services furnished to the IowaCare Demonstration populations and adjudicated and paid by the Iowa Medicaid Enterprise. The payment will be made following guidelines of the regular Medicaid process. The claims submitted will be priced and paid according to the reimbursement methodologies described below. ¶
¶
Inpatient Hospital Services Provided by Primary Provider Network ¶
Broadlawns Medical Center¶
¶
Broadlawns Medical Center claims submitted will be priced according to the approved Medicaid reimbursement methodology as of November 30, 2009, which is based on a diagnosis resource group (DRG) methodology. The only difference between the methodology to price IowaCare claims versus Medicaid state plan claims is the level of the DRG base rate. As of December 1, 2009, the Medicaid state plan DRG base rate for Broadlawns was reduced by five percent to implement the Governor's Executive Order 19. This rate reduction was not applied to the DRG base rate for IowaCare services. In addition, effective July 1, 2010, a rate increase will be applied to Broadlawns' DRG base rate for Medicaid state plan services, however this rate increase will not be provided to Broadlawns' DRG base rate for IowaCare services. Payment will be made to Broadlawns Medical Center based on this pricing, and that payment will be the basis for drawing down Federal funding.¶
University Iowa Hospital and clinics (UIHC)¶
¶
Inpatient hospital services provided by UIHC will be paid based on 100 percent of reasonable and allowable cost. An interim rate based on the approved Medicaid reimbursement methodology as of November 30, 2009, which is based on a diagnosis resource group (DRG) methodology shall be used to price submitted claims on an interim basis. The only difference between the interim methodology to price IowaCare claims versus Medicaid state plan claims is the level of the DRG base rate. As of December 1, 2009, the Medicaid state plan DRG base rate for UIHC was reduced by five percent to implement the Governor's Executive Order 19. This rate reduction was not applied to the DRG base rate for IowaCare services. In addition, effective July 1, 2010, a rate increase will be applied to UIHC's DRG base rate for Medicaid State plan services, however this rate increase will not be provided to UIHC's DRG base rate for IowaCare services. Effective July 1, 2010, inpatient claims submitted will be priced and used to draw down federal funding on an interim basis according to the interim rate methodology noted above. These ...

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- Access: Improve access to and coordination of the most appropriate cost effective care through implementation of a medical home pilot.

- Quality: Encourage provision of quality medical services to all enrollees. Encourage quality, continuity, and appropriate medical care.

  Improve the health status of IowaCare enrollees by improving access to a greater number of beneficiaries by adding additional network providers in underserved areas of the State.

- Prevention: Encourage individuals to stay healthy and seek preventive care through care coordination in the medical home pilot.

On November 1, 2011, the state of Iowa was approved to implement an uncompensated care pool (IowaCare Safety Net Care Pool or I-SNCP). The purpose of the I-SNCP is to reimburse expenditures incurred by hospitals, clinics, or by other provider types for uncompensated medical care costs of medical services provided to IowaCare members. Allowable expenditures include durable medical equipment and outpatient prescription drugs provided to IowaCare members assigned to Broadlawns as a medical home (above the current 10-day supply of prescription medication after an inpatient hospitalization available to all IowaCare members); durable medical equipment, in-home health care and rehabilitation and therapy services after an inpatient stay; and costs borne by FQHCs for IowaCare members using the FQHC as a medical home when the FQHCs do not have the needed laboratory or radiology services on site.

III. GENERAL PROGRAM REQUIREMENTS

1. **Compliance with Federal Non-Discrimination Statutes.** The State must comply with all applicable Federal statutes relating to non-discrimination. These include, but are not limited to, the Americans with Disabilities Act of 1990, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975.

2. **Compliance with Medicaid Law, Regulation, and Policy.** All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly identified as not applicable in the expenditure authority documents (of which these terms and conditions are part), must apply to the Demonstration.

3. **Changes in Medicaid Law, Regulation, and Policy**. The State must, within the time frames specified in law, regulation, or policy statement, come into compliance with any changes in Federal law, regulation, or policy statement affecting the Medicaid program that occur during this Demonstration approval period, unless the provision being changed is expressly identified as not applicable.

4. **Impact on Demonstration of Changes in Federal Law, Regulation, and Policy.**
   a. To the extent that a change in Federal law, regulation, or policy requires either a reduction or an increase in Federal financial participation (FFP) for expenditures made under this Demonstration, the State must adopt, subject to CMS approval, a modified budget neutrality agreement for the Demonstration as necessary to comply with such change. The modified budget neutrality agreement will be effective upon the implementation of the change.

b. If mandated changes in the Federal law require State legislation, the changes must take effect on the day such State legislation becomes effective, or on the last day such legislation was required to be in effect under the law.

5. **State Plan Amendments.** The State will not be required to submit title XIX State plan amendments for changes affecting any populations made eligible solely through the Demonstration. If a population eligible through the Medicaid State plan is affected by a change to the Demonstration, a conforming amendment to the State plan may be required, except as otherwise noted in these STCs.

6. **Changes Subject to the Amendment Process.** Changes related to eligibility, enrollment, benefits, enrollee rights, delivery systems, cost sharing, evaluation design, sources of non-Federal share of funding, budget neutrality, and other comparable program elements must be submitted to CMS as amendments to the Demonstration. All amendment requests are subject to approval at the discretion of the Secretary in accordance with section 1115 of the Act. The State must not implement changes to these elements without prior approval by CMS. Amendments to the Demonstration are not retroactive and FFP will not be available for changes to the Demonstration that have not been approved through the amendment process set forth in section III, paragraph 7 below.

7. **Amendment Process.** Requests to amend the Demonstration must be submitted to CMS for approval no later than 120 days prior to the planned date of implementation of the change and may not be implemented until approved. CMS reserves the right to deny or delay approval of a Demonstration amendment based on non-compliance with these STCs, including but not limited to failure by the State to submit required reports and other deliverables in a timely fashion according to the deadlines specified herein. Amendment requests must include, but are not limited to, the following:

   a. An explanation of the public process used by the State, consistent with the requirements of section III, paragraph 13, to reach a decision regarding the requested amendment;

   b. A data analysis which identifies the specific "with waiver" impact of the proposed amendment on the current budget neutrality agreement. Such analysis shall include current total computable "with waiver" and "without waiver" status on both a summary and detailed level through the current approval period using the most recent actual expenditures, as well as summary and detailed projections of the change in the "with waiver" expenditure total as a result of the proposed amendment, which isolates (by Eligibility Group) the impact of the amendment;

   c. A detailed description of the amendment, including impact on beneficiaries, with sufficient supporting documentation; and

   d. If applicable, a description of how the evaluation design will be modified to incorporate the amendment provisions.

8. **Demonstration Phase-Out.** The State may only suspend or terminate this Demonstration in whole, or in part, consistent with the following requirements.

a. Notification of Suspension or Termination: The State must promptly notify CMS in writing of the reason(s) for the suspension or termination, together with the effective date and a phase-out plan. The State must submit its notification letter and a draft phase-out plan to CMS no less than 5 months before the effective date of the Demonstration's suspension or termination. Prior to submitting the draft phase-out plan to CMS, the State must publish on its website the draft phase-out plan for a 30-day public comment period. In addition, the State must conduct tribal consultation in accordance with its approved tribal consultation State Plan Amendment. Once the 30-day public comment period has ended, the State must provide a summary of each public comment received, the State's response to the comment and how the State incorporated the received comment into the revised phase-out plan.

   The State must obtain CMS approval of the phase-out plan prior to the implementation of the phase-out activities. Implementation of phase-out activities must be no sooner than 14 days after CMS approval of the phase-out plan.

b. Phase-out Plan Requirements: The State must include, at a minimum, in its phase-out plan the process by which it will notify affected beneficiaries, the content of said notices (including information on the beneficiary's appeal rights), the process by which the State will conduct administrative reviews of Medicaid eligibility for the affected beneficiaries, and ensure ongoing coverage for eligible individuals, as well as any community outreach activities.

c. Phase-out Procedures: The State must comply with all notice requirements found in 42 CFR §431.206, 431.210 and 431.213. In addition, the State must assure all appeal and hearing rights afforded to Demonstration participants as outlined in 42 CFR §431.220 and 431.221. If a Demonstration participant requests a hearing before the date of action, the State must maintain benefits as required in 42 CFR §431.230. In addition, the State must conduct administrative renewals for all affected beneficiaries in order to determine if they qualify for Medicaid eligibility under a different eligibility category as discussed in the October 1, 2010, State Health Official Letter #10-008.

d. Federal Financial Participation (FFP): If the project is terminated or any relevant waivers suspended by the State, FFP shall be limited to normal closeout costs associated with terminating the Demonstration including services and administrative costs of disenrolling participants.

9. **CMS Right to Terminate or Suspend.** CMS may suspend or terminate the Demonstration (in whole or in part) at any time before the date of expiration whenever it determines following a hearing that the State has materially failed to comply with the terms of the project. CMS will promptly notify the State in writing of the determination and the reasons for the suspension or termination, together with the effective date.

10. **Finding of Non-Compliance.** The State does not relinquish its rights to challenge the CMS finding that the State materially failed to comply.

11. **Withdrawal of Waiver Authority.** CMS reserves the right to withdraw waivers or expenditure authorities at any time it determines that continuing the waivers or expenditure authorities would no longer be in the public interest or promote the objectives of title XIX. CMS will promptly notify the State in writing of the determination and the reasons for the withdrawal, together with

the effective date, and afford the State an opportunity to request a hearing to challenge CMS' determination prior to the effective date. If a waiver or expenditure authority is withdrawn, FFP is limited to normal closeout costs associated with terminating the waiver or expenditure authority, including services and administrative costs of disenrolling participants.

12. **Adequacy of Infrastructure.** The State must ensure the availability of adequate resources for implementation and monitoring of the Demonstration, including education, outreach, and enrollment; maintaining eligibility systems; compliance with cost sharing requirements; and reporting on financial and other Demonstration components.

13. **Public Notice, Tribal Consultation, and Consultation with Interested Parties.** The State must continue to comply with the State Notice Procedures set forth in 59 Fed. Reg. 49249 (September 27, 1994) and the tribal consultation requirements pursuant to section 1902(a)(73) of the Act as amended by section 5006(e) of the American Recovery and Reinvestment Act (ARRA) of 2009, when any program changes to the Demonstration, including (but not limited to) those referenced in section III, paragraph 7, are proposed by the State. In States with Federally recognized Indian tribes, Indian health programs, and/or Urban Indian organizations, the State is required to submit evidence to CMS regarding the solicitation of advice from these entities prior to submission of any Demonstration proposal, amendment and/or renewal of this Demonstration.

14. **FFP.** No Federal matching for expenditures for this Demonstration will take effect until the effective date identified in the Demonstration approval letter.

IV. ELIGIBILITY DETERMINATION, ENROLLMENT, and DISENROLLMENT

15. **Demonstration Populations.** The populations described in Table 1 are eligible for the Demonstration. Only persons who do not meet the eligibility requirements of the Medicaid State plan are eligible for the Demonstration. Demonstration Eligibles will be assigned to the designated medical home as defined in paragraph 27. The State will establish an enrollment cap effective July 1, 2013, and will cease the enrollment process for applications for new Demonstration Eligibles filed on or after June 1, 2013. The numeric cap limit will be based on the total number of Demonstration Enrollees who applied for coverage before June 1, 2013, and were approved for program participation. After the cap is implemented, the State will evaluate program attrition on a quarterly basis to determine the number of applicants that can be added for the next open enrollment period. Once the enrollment period is established, previously denied applicants that can be added to the program will be notified that they may reapply. Notification will be made based on the date of filing of the originally denied application, with the oldest date being notified first.

Table 1

Population Name	Population Description	Federal Poverty Level (FPL) or other criteria	Expenditure and Eligibility Group Reporting
Demonstration Population 1	Custodial parents and caretaker relatives who are not otherwise eligible for Medicaid or Medicare	Family income up to 200 percent of the FPL; no resource limit	Expansion Pop.
	Non-custodial parents and childless adults (age 19 – 64) who are not otherwise eligible	0% FPL through 200% FPL; no resource limit	

	for Medicaid or Medicare		
Demonstration Population 2	Spend-down Pregnant Women	Less than or equal to 300% of the FPL who have incurred medical expenses for all family members that reduce available family income to 200% of the FPL, with resources in excess of Medicaid State plan limits	Spnd-dwn Preg. Wmn.

16. **Enrollment Cap**. Any numeric enrollment limitation must be submitted to CMS for review and approval following the process outlined in section III, paragraph 7.

17. **Eligibility Exclusions.** Generally, a person who has access to group health insurance is not eligible for IowaCare. However, a person with access to group health insurance may enroll in IowaCare, if the individual states that any of the following conditions exist:
    a. The coverage is unaffordable;
    b. Exclusions for preexisting conditions apply;
    c. Needed services are not services covered by the plan;
    d. The limits of benefits under the plan have been reached; or,
    e. The plan includes only catastrophic health care coverage.

18. **Enrollment.** Except for when an enrollment cap is being enforced, the enrollment process is as follows:
    a. Applicant files an application at a local department office or Disproportionate Share Hospital, Federally Qualified Health Center (FQHC), resource center or other facility where out-stationing activities are provided.
    b. Applicant may request one retroactive month of eligibility.
    c. The State makes the eligibility determination.
    d. At the end of the eleventh month, the IowaCare renewal application is sent to the applicant.
    e. Individuals enrolled in IowaCare must have an eligibility redetermination at least once every 12 months. Each redetermination must include a reassessment of the individual's eligibility for Medicaid. An IowaCare member may apply for Medicaid at any time for any reason. The State will determine eligibility and enroll individuals in programs for which they are found eligible.

19. **Disenrollment.** Members are disenrolled for the following reasons:
    a. The 12-month certification period ends;
    b. The member is determined eligible for Medicaid or Medicare;
    c. The member does not pay the premium or request hardship timely. Members shall have a 60 day grace period (from the date the premium is due) to pay their premium. Members must request a hardship by the due date;
    d. The member no longer meets the nonfinancial eligibility requirements;
    e. The member was determined eligible due to member misrepresentation or agency error;
    f. The member requests cancellation;
    g. The member moves out of State; or,
    h. The member dies.

20. If an IowaCare member is disenrolled for failing to pay the premium or requesting hardship, the member may owe an outstanding obligation to the State. However, the individual must be allowed to reenroll in the Demonstration (assuming the individual continues to meet eligibility

requirements) and continue to have the option of claiming hardship.

V. BENEFITS

21. **Benefits.** The benefits and coverage are limited to inpatient hospital, outpatient hospital, physician, advanced registered nurse practitioner, and a limited dental benefit. Pharmacy and durable medical equipment and supplies that are prescribed or provided as part of a covered inpatient hospital stay are also covered services. IowaCare members may receive a 10-day supply of prescription medication to take home after an inpatient hospital discharge. All conditions of service provision will apply in the same manner as under the Medicaid State plan, including, but not limited to, prior authorization requirements and exclusions for cosmetic procedures or those otherwise determined not to be medically necessary.

    IowaCare members will also have access to smoking cessation medication and counseling and a nurse helpline.

    Demonstration Population 2 (Spend-down Pregnant Women) will also receive obstetric services.

    A description of the benefits also appears in Table 2 below:

Benefit	Notes/ Limitations
Inpatient hospital	
Outpatient hospital	
Physician/ advanced registered nurse practitioner	
Dental	Limited as determined by the medical home provider.
Smoking cessation medication and counseling	
Pharmacy	Only if prescribed as part of an inpatient hospital stay. IowaCare members receive a 10-day supply of prescription medication to take home after an inpatient hospital discharge
Durable Medical Equipment	Only if provided as part of an inpatient hospital stay
Obstetric services	Only available to Demonstration Population 2 (Spend-down pregnant women)
Annual comprehensive medical examination and appropriate lab tests	May be received from any Medicaid-certified physician, advanced registered nurse practitioner, or physician assistant as described in section VII, paragraph 2. Once a member is assigned to a medical home, the member must receive this benefit through the medical home.

VI. COST SHARING

22. **Co-Payments.** Enrollees will be subject to the same co-payments as required under the Medicaid State plan.

23. **Premiums.** Premiums may be charged to individuals as follows:

Annual Household Income	Maximum Monthly Premium
All enrollees above 150% through 200% of the FPL	No more than one-twelfth of 5 percent of the individual's annual family income

24. **Hardship Waiver.** An IowaCare member who submits a written statement or signs the hardship statement on the IowaCare billing statement indicating that payment of the monthly premium will be a financial hardship will be exempted from premium payment for that month. If the statement is not postmarked by the premium due date, the member shall be obligated to pay the premium and will owe an outstanding debt to the State.

25. **Total Aggregate Out of Pocket Expenditures.** The total aggregate amount of IowaCare premiums and cost sharing, Medicaid cost sharing, and CHIP premiums and cost sharing must not exceed 5 percent of family income. Family income must be determined in the same manner as was used to determine eligibility. The State must develop a process for ensuring that families do not exceed the 5 percent cost sharing limit, and must include a description of this process in the first quarterly report required in section VIII, paragraph 36, and in each annual report required in section VIII, paragraph 37.

26. **Cost Sharing for Certain American Indian/Alaskan Native Eligibles.** No premium shall be imposed on American Indian/Alaskan Native individuals enrolled in the Demonstration who is furnished an item or service by an Indian Health Provider, or through referral to contract health services. No cost sharing shall be charged to such individuals for services furnished through Indian Health Providers or under contract health services. These limitations give effect to the exemptions described in section 5006 of the American Recovery and Reinvestment Act of 2009.

VII. DELIVERY SYSTEMS

27. **Regional Primary Provider Network.** The regional primary provider network will be phased in as described in the following charts.

    a. **October 1, 2010** – Four medical homes were established serving designated counties as indicated in Table 3. IowaCare members from these designated counties needing tertiary and quaternary care are referred to the University of Iowa Hospitals and Clinics (UIHC). IowaCare members in all other non-designated counties in the state must receive all care at UIHC. - ACCOMPLISHED

Table 3

Provider	Counties Served	
Broadlawns Medical Center	• Polk	
Peoples Community Health Clinic	• Black Hawk • Bremer • Buchanan • Butler • Cerro Gordo • Chickasaw • Fayette	• Floyd • Franklin • Grundy • Howard • Mitchell • Winneshiek • Worth
Siouxland Community Health Center	• Cherokee • Crawford • Harrison • Ida • Lyons • Monona	• O'Brien • Osceola • Plymouth • Shelby • Sioux • Woodbury
University of Iowa Hospitals &	• Benton	• Keokuk

Clinics	• Cedar • Iowa • Johnson • Jones	• Linn • Louisa • Muscatine • Washington

b. **July 1, 2011 –** IowaCare members in ten counties originally assigned to Peoples Community Health Clinic were reassigned to three new medical homes as follows in Table 4. Peoples Community Health Clinic will continue to serve IowaCare members from four counties. – ACCOMPLISHED

Table 4

Provider	Counties Served	
Crescent Community Health Center	• Chickasaw • Fayette	• Howard • Winneshiek
Community Health Center of Fort Dodge	• Cerro Gordo • Floyd • Franklin	• Mitchell • Worth
Peoples Community Health Clinic	• Black Hawk • Bremer	• Buchanan • Butler
Primary Health Care, Inc.	• Grundy	

c. **Effective December 1, 2011** – The State is divided into five regions consisting of six FQHCs and the University of Iowa Hospitals and Clinics (UIHC) and Broadlawns Medical Center as shown in Table 5. Regions 1 and 2 are assigned to UIHC. Broadlawns will become a medical home serving the 7 counties surrounding Polk County and become a regional hospital providing secondary care for IowaCare members assigned to medical homes in Regions 3, 4, and 5. Members in Regions 3, 4, & 5 who are not assigned to a medical home will continue to receive services at UIHC.

Table 5

	Hospital	Medical Home	Counties Served
REGIONS 3, 4, & 5	Broadlawns	Broadlawns Medical Center	• Polk • Boone • Dallas • Jasper • Madison • Marion • Story • Warren
	Broadlawns	Community Health Center of Fort Dodge	• Cerro Gordo • Floyd • Franklin • Mitchell • Worth • Webster *
	Broadlawns	Council Bluffs Community Health Center*	• Harrison * • Mills* • Montgomery* • Pottawattamie* • Shelby* • Audubon*

			• Fremont* • Page*
	Broadlawns	Siouxland Community Health Center	• Cherokee • Crawford • Ida • Monona • O'Brien • Plymouth • Sioux • Woodbury • Buena Vista* • Carroll* • Clay* • Dickinson* • Lyon • Osceola • Sac*
REGIONS 1 & 2	UIHC	Crescent Community Health Center	• Chickasaw • Fayette • Howard • Winneshiek • Dubuque *
	UIHC	Peoples Community Health Clinic	• Black Hawk • Bremer • Buchanan • Butler
	Broadlawns	Primary Health Care, Inc.	• Grundy
	UIHC	University of Iowa Hospitals & Clinics	• Benton • Cedar • Iowa • Johnson • Jones • Keokuk • Linn • Louisa • Muscatine • Washington • Clinton* • Davis* • Des Moines* • Henry* • Jackson* • Jefferson* • Lee* • Poweshiek* • Scott* • Van Buren* • Wapello*

*Effective December 1, 2011

d. **Effective January 1, 2012** – IowaCare members in all counties Statewide are assigned to a medical home as defined in Table 7. Broadlawns Medical Center will be providing hospital services to all IowaCare members in Regions 3, 4 & 5. The UIHC is providing hospital services to IowaCare members in Regions 1 & 2 and tertiary and quaternary care to all IowaCare members state-wide.

Table 7

	Hospital	Medical Home	Counties Served
REGIONS 3, 4, & 5	Broadlawns	Broadlawns Medical Center	• Polk • Appanoose* • Boone • Clarke* • Dallas • Decatur* • Greene * • Jasper • Lucas* • Madison • Mahaska* • Marion • Monroe* • Ringgold* • Story • Union* • Warren • Wayne*
	Broadlawns	Community Health Center of Fort Dodge	• Cerro Gordo • Floyd • Franklin • Mitchell • Worth • Calhoun* • Hamilton* • Hancock* • Humboldt* • Kossuth* • Pocahontas* • Webster • Winnebago* • Wright*
	Broadlawns	Council Bluffs Community Health Center	• Harrison • Mills • Montgomery • Pottawattamie • Shelby • Adair* • Adams* • Audubon • Cass* • Fremont • Guthrie* • Page

			• Taylor*
	Broadlawns	Siouxland Community Health Center	• Cherokee • Crawford • Ida • Monona • O'Brien • Plymouth • Sioux • Woodbury • Buena Vista • Carroll • Clay • Dickinson • Emmet* • Palo Alto* • Lyon • Osceola • Sac
REGIONS 1 & 2	UIHC	Crescent Community Health Center	• Chickasaw • Fayette • Howard • Winneshiek • Allamakee* • Clayton* • Delaware* • Dubuque
	UIHC	Peoples Community Health Clinic	• Black Hawk • Bremer • Buchanan • Butler
	Broadlawns	Primary Health Care, Inc	• Grundy • Hardin * • Marshall* • Tama *
	UIHC	University of Iowa Hospitals & Clinics	• Benton • Cedar • Iowa • Johnson • Jones • Keokuk • Linn • Louisa • Muscatine • Washington • Clinton • Davis • Des Moines • Henry • Jackson • Jefferson • Lee • Poweshiek

			• Scott • Van Buren • Wapello

*Effective January 1, 2012

e. **Spend-Down Pregnant Women** - Spend-down pregnant women may also receive obstetric services from any Medicaid-certified provider, unless the beneficiary resides in Cedar, Clinton, Iowa, Johnson, Keokuk, Louisa, Muscatine, Scott, or Washington counties, in which case the beneficiary must receive obstetric services from the University of Iowa Hospitals and Clinics.
f. Any changes to the regional primary provider network require CMS review and approval.

The provider network for Spend-Down Pregnant Women is also described in the Table 8 below:

Table 8

Population Description	Provider	Covered Services
Women who reside in Cedar, Clinton, Iowa, Johnson, Keokuk, Louisa, Muscatine, Scott, or Washington counties.	University of Iowa Hospitals and Clinics	Obstetric services provided in an inpatient hospital, outpatient hospital, or physician office
Women who reside in counties other than Cedar, Clinton, Iowa, Johnson, Keokuk, Louisa, Muscatine, Scott, or Washington	Any Medicaid-certified physician or Advanced Registered Nurse Practitioner	

28. **Annual Comprehensive Medical Examination**. Prior to being assigned to a medical home, IowaCare members may receive an annual comprehensive medical examination and appropriate lab tests, from any Medicaid-certified physician, advanced registered nurse practitioner, or physician assistant. IowaCare members must obtain any follow-up services from the primary IowaCare provider network described in the paragraph above (section VII, paragraph 27). IowaCare members who are assigned to a medical home may only receive the annual comprehensive medical examination through the medical home.

29. **Additional Primary Care-Related Provider Network**. Beginning October 1, 2010, and subject to the level of funding appropriated by the Iowa State Legislature as described below, the State may phase in the addition of FQHCs into the provider network to provide primary care services. Beginning October 1, 2010, the FQHCs located in Sioux City and Waterloo will be added to the provider network for primary care services. ACCOMPLISHED.

The State is not required to provide services via the additional primary care-related provider network, if expenditures for such services exceed the total computable amount for each DY as described in the Table 9 below.

Table 9

DY	Estimated Total Computable Amount Available for Services Provided by the Additional Primary-Care Related Provider Network
DY 6	$6 million
DY 7	$10 million
DY 8	$10 million
DY 9	$5 million

30. **IowaCare Medical Home.** Within the Demonstration the Medical Home is defined as "an approach to providing comprehensive primary care, that facilitates partnerships between individual patients, and their personal providers, and when appropriate, the patient's family." To accomplish this objective:
    a. By October 1, 2010, the State must establish a medical home model for all network providers as described in paragraph 27 and include medical home certification requirements, payment methods, and provider performance measurement, and update the evaluation design. These elements must be approved by CMS accordingly.
    b. The State may require IowaCare members who reside in counties within the service region of the medical home to utilize the "assigned" medical home prior to accessing specialty or hospital services through other network providers.
    c. Certified medical homes may receive a per member per month payment between $2 and $5 for services rendered consistent with OMB circular A-87.
    d. Medical home incentive payments shall comply with the requirements of Attachment B.

31. **Services Covered Outside the Primary Provider Network.**
    a. Beginning October 1, 2010, and subject to the level of funding appropriated by the Iowa State Legislature, IowaCare members may receive emergency services from hospitals other than the University of Iowa Hospitals and Clinics and Broadlawns Medical Center if i., ii., and iii. are met as described below.

        i. Either:
        - The services are emergency services and it is not medically possible to postpone provision of services and transfer the individual to a primary network provider, or
        - The beneficiary cannot be transferred to a primary network provider due to a lack of inpatient capacity.

        ii. The individual is enrolled in Demonstration Population 1 at the time treatment is provided for the services to be covered.

        iii. The hospital is located in Iowa.

        Covered services must include emergency services, as designated by the State, and medically necessary treatment up to the point the beneficiary is medically stable and may be transferred to a primary network provider. Covered services are limited to services covered for primary network providers.

        The State is not required to provide emergency services covered outside the primary care provider network services, if expenditures for such services exceed the total computable amount for each DY as described in Table 10 below.

Table 10

DY	**Estimated Total Computable Amount Available for Emergency Services Covered Outside the Primary Provider Network**
DY 6	$2 million
DY 7	$3 million
DY 8	$3 million
DY 9	$1.5 million

32. **IowaCare Safety Net Care Pool (I-SNCP)** was established November 1, 2011, to ensure support for the provision of health care to IowaCare members by hospitals, clinics, and other providers allowable under STC 32. The State is authorized to claim Federal Financial Participation (FFP), subject to limits under STC 32 and applicable Federal requirements, for expenditures made for uncompensated care provided to IowaCare individuals with no other source of third party coverage for the services identified below furnished by Broadlawns Medical Center, University of Iowa Hospitals and Clinics, FQHCs or other providers allowable under STC 32. The services identified, below, must meet the definition of such covered services in section 1905(a) of the Act and the approved Iowa State plan. The State must identify the provider and the source of the non-federal share for all expenditures under STC 32.

a. **Use of I-SNCP Funds** - The State is authorized to claim expenditures identified in STC 32(b) that are incurred by hospitals, clinics, or by other provider types allowable under STC 32 for uncompensated medical care costs of medical services provided to IowaCare members, as agreed upon by CMS and the State. Expenditures are claimed in accordance with CMS-approved claiming protocols.

b. **Allowable I-SNCP Expenditures -** Iowa may claim FFP for expenditures, based on payment methodologies approved in Attachment A, in the following defined categories of spending:

1. **Broadlawns Medical Center –** The purpose of this funding is for durable medical equipment and pharmacy services provided to IowaCare members assigned to Broadlawns as a medical home and is limited to outpatient prescription drugs, beyond the current 10-day supply of prescription medication after an inpatient hospital discharge that is included in the benefit package for all IowaCare members.
2. **Care Coordination -** The purpose of this funding is to defray costs being borne by the IowaCare participating providers for services necessary to ensure a positive outcome for the member after an inpatient hospitalization. IowaCare providers and non-IowaCare providers may be reimbursed for limited medically necessary services or equipment provided to enrolled IowaCare members subject to the limitations below. Providers must be participating Medicaid providers. All Medicaid rules regarding the provision of the service will apply (e.g. prior authorization, etc.). Payable services are limited to:
    a. Durable Medical Equipment (DME) – above the available DME benefit that is included in the IowaCare benefit package for all members;
    b. In-home health care; and
    c. Rehabilitation & therapy services.
3. **Lab & Radiology Services** - The purpose of this funding is to defray costs being borne by Federally Qualified Health Centers, participating in IowaCare as a medical home, who do not have the necessary laboratory testing and radiology equipment on site. Each participating FQHC will identify up to 4 laboratories and 4 radiology sites to which IowaCare members will be referred. Each provider will be assigned a unique IowaCare provider number under which claims for IowaCare members will be submitted. Claims will also include the IowaCare provider number of the referring FQHC. Only Medicaid-covered services provided by the designated enrolled participating Medicaid providers are payable. All Medicaid rules regarding the provision of the service will apply (e.g. prior authorization, etc.).

c. **I-SNCP Annual Limits** – The total computable annual limits for I-SNCP cannot exceed the following:

1. DY 7 - $6,000,000
2. DY 8 - $6,000,000
3. DY 9 - $3,000,000

d. **Provider-Specific Cost Limit for Certain I-SNCP Expenditures.** The payments authorized under STC 32 are also limited on a provider-specific basis to the cost of providing approved Medicaid State plan services as identified in a reimbursement and cost protocol, to be approved by CMS and included in Attachment A, to IowaCare members, less payment received by or on behalf of such individuals for such services.

i. Broadlawns Pharmacy Payments
ii. Care Coordination Payments
iii. Lab & Radiology Payments

For payments under STC 32(b), the State must require each eligible provider to report cost and payment data on services eligible for reimbursement under this component of the I-SNCP in a manner that adheres to Medicare cost principles as they are represented on the Medicare cost report. For those eligible providers that do not currently complete a Medicare cost report or any other cost report, the State and CMS shall develop an agreed upon methodology to determine a proxy for uncompensated cost.

The State must submit for CMS approval a reimbursement and cost protocol that will establish rules and guidelines for the State to claim FFP for the provider payments, including a demonstration that payments do not exceed eligible uncompensated costs. This protocol will be incorporated into Attachment A. The State must submit a draft revised Attachment A by January 1, 2012. The protocol must be finalized by March 1, 2012. Federal financial participation is not available for payments under STC 32 after July 1, 2012 if the reimbursement and cost protocol is not approved. Federal matching will resume once the protocol is approved. The protocol must include precise definitions of eligible uncompensated provider costs and revenues that must be included in the calculation of uncompensated cost. The protocol must also identify the allowable source documents to support costs; it must include detailed instructions regarding the calculation and documentation of eligible costs and the tool used by the State and hospitals to apply for provider payments. The protocol must also include payment timeframes and amounts available to particular providers within the annual pool limits. For those eligible providers that do not currently complete a Medicare cost report or any other cost report, the protocol must include precise definitions of how the proxy for uncompensated costs and revenues shall be calculated. The protocol must also identify the allowable source documents to support the proxy uncompensated costs; it must include detailed instructions regarding the calculation and documentation of eligible proxy uncompensated costs and any tool used by the State.

VIII. GENERAL REPORTING REQUIREMENTS

33. **General Financial Requirements.** The State must comply with all general financial requirements under title XIX set forth in these STCs.

34. **Reporting Requirements Related to Budget Neutrality.** The State must comply with all reporting requirements for monitoring budget neutrality set forth in this agreement. The State must submit any corrected budget neutrality data upon request.

35. **Monthly Calls**. CMS will schedule monthly conference calls with the State. The purpose of these calls is to discuss any significant actual or anticipated developments affecting the Demonstration. Areas to be addressed include, but are not limited to, health care delivery, enrollment, quality of care, access, the benefit package, cost-sharing, audits, lawsuits, financial reporting and budget neutrality issues, progress on evaluations, State legislative developments, and any Demonstration amendments, concept papers, or State plan amendments the State is considering submitting. CMS will update the State on any amendments or concept papers under review as well as Federal policies and issues that may affect any aspect of the Demonstration. The State and CMS will jointly develop the agenda for the calls.

36. **Quarterly Progress Reports.** The State must submit progress reports within 60 days following the end of each quarter (March, June, September, and December of each year). The intent of these reports is to present the State's analysis and the status of the various operational areas. These quarterly reports must include, but are not limited to:

    a. An updated budget neutrality monitoring spreadsheet;
    b. A discussion of events occurring during the quarter, or anticipated to occur in the near future, that affect health care delivery, including, but not limited to: approval and contracting with new plans, benefits, enrollment and disenrollment, grievances, quality of care, access, health plan contract compliance and financial performance that is relevant to the Demonstration, pertinent legislative or litigation activity, and other operational issues.
    c. Action plans for addressing any policy, administrative, or budget issues identified.
    d. Quarterly enrollment reports for Demonstration eligibles, that include the member months and end of quarter, point-in-time enrollment for each Demonstration population;
    e. Evaluation activities and interim findings;
    f. Progress meeting the benchmarks outlined in section XI; and,
    g. Other items as requested.

37. **Annual Report.** The State must submit a draft annual report documenting accomplishments such as success in meeting the benchmarks listed in section XI, project status, quantitative and case study findings, interim evaluation findings, utilization data, and policy and administrative difficulties and solutions in the operation of the Demonstration.

    The State must submit the draft annual report no later than 120 days after the close of the Demonstration Year (DY). Within 30 days of receipt of comments from CMS, a final annual report must be submitted.

38. **Annual Program Compliance Evaluation.** Within 1 year of the closing date of each SFY, the State must submit an annual evaluation documenting Iowa medical assistance program compliance with the following:
    a. That providers retain 100 percent of the total computable payment of expenditures claimed under title XIX of the Act.

IX. GENERAL FINANCIAL REQUIREMENTS

39. **Quarterly Expenditure Reports.** The State must provide quarterly expenditure reports using Form CMS-64 to separately report total expenditures for services provided through this Demonstration under section 1115 authority that are subject to budget neutrality. This project is approved for expenditures applicable to services rendered during the Demonstration period. CMS shall provide Federal Financial Participation (FFP) for allowable Demonstration expenditures only as long as they do not exceed the pre-defined limits on the costs incurred as specified in section X (Monitoring Budget Neutrality).

40. **Reporting Expenditures Subject to the Title XIX Budget Neutrality Expenditure Limit.** The following describes the reporting of expenditures subject to the budget neutrality limit:

    a. **Tracking Expenditures.** In order to track expenditures under this Demonstration, the State must report Demonstration expenditures through the Medicaid and Children's Health Insurance Program Budget and Expenditure System (MBES/CBES), following routine CMS-64 reporting instructions outlined in section 2500 of the State Medicaid Manual. All Demonstration expenditures claimed under the authority of title XIX of the Act and subject to the budget neutrality expenditure limit must be reported each quarter on separate Forms CMS-64.9 Waiver and/or 64.9P Waiver, identified by the Demonstration project number (11-W-00189/7) assigned by CMS, including the project number extension, which indicates the DY in which services were rendered.

    b. **Reporting of IowaCare Premiums.** The State must report IowaCare premiums that are collected by the State each quarter on Form CMS-64 Summary Sheet line 9.D., columns A and B. Additionally, the total amounts that are attributable to the Demonstration must be separately reported on the CMS-64 narrative, with subtotals by DY.

    c. **Cost Settlements.** For monitoring purposes, cost settlements attributable to the Demonstration must be recorded on the appropriate prior period adjustment schedules (Form CMS-64.9P Waiver) for the Summary Sheet Lines 7 and 10B, in lieu of Lines 9 or 10C. For any cost settlements not attributable to this Demonstration, the adjustments should be reported as otherwise instructed in the State Medicaid Manual.

    d. **Use of Waiver Forms.** The following three (3) waiver forms CMS-64.9 Waiver and/or 64.9P Waiver must be submitted each quarter (when applicable) to report title XIX expenditures for individuals enrolled in the Demonstration. The expressions in quotation marks are the waiver names to be used to designate these waiver forms in the MBES/CBES system.

        i. "Expansion Pop." (Expansion Population) expenditures,
        ii. "Spnd-dwn Preg. Wmn." (Spend-down Pregnant Women) expenditures.
        iii. "I-SNCP" (Iowa Safety Net Care Pool) expenditures

    e. **Pharmacy Rebates.** The State may propose a methodology for assigning a portion of pharmacy rebates to the Demonstration, in a way that reasonably reflects the actual rebate-eligible pharmacy utilization of the Demonstration population, and which reasonably identifies

pharmacy rebate amounts with DYs. Use of the methodology is subject to the approval in advance by the CMS Regional Office, and changes to the methodology must also be approved in advance by the Regional Office. The portion of pharmacy rebates assigned to the Demonstration using the approved methodology will be reported on the appropriate Forms CMS-64.9 Waiver for the Demonstration, and not on any other CMS-64.9 form (to avoid double-counting). Each rebate amount must be distributed as State and Federal revenue consistent with the Federal matching rates under which the claim was paid.

f. **Title XIX Expenditures Subject to the Budget Neutrality Expenditure Limit.** For purposes of this section, the term "expenditures subject to the budget neutrality cap" refers to all title XIX expenditures on behalf of the individuals who are enrolled in this Demonstration, as defined in STC 14, including all service expenditures net of premium collections and other offsetting collections. All title XIX expenditures that are subject to the budget neutrality expenditure limit are considered Demonstration expenditures and must be reported on Forms CMS-64.9 Waiver and/or CMS-64.9P Waiver.

g. **Title XIX Administrative Costs.** Administrative costs will not be subject to the budget neutrality expenditure limit, but the State must separately track and report additional administrative costs that are directly attributable to the Demonstration. All administrative costs will be identified on the Forms CMS-64.10 Waiver and/or 64.10P Waiver.

h. **Claiming Period.** All claims for expenditures subject to the budget neutrality expenditure limit (including any claims documented through cost settlements) must be made within 2 years after the calendar quarter in which the State made the expenditures. Furthermore, all claims for services during the Demonstration period (including any documented through cost settlements) must be made within 2 years after the conclusion or termination of the Demonstration. During the latter 2-year period, the State must continue to identify separately net expenditures related to dates of service during the operation of the section 1115 Demonstration on the CMS-64 waiver forms the net expenditures related to dates of service during the operation of the section 1115 Demonstration, in order to properly account for these expenditures in determining budget neutrality.

41. **Standard Medicaid Funding Process.** The standard Medicaid funding process must be used during the Demonstration. The State must estimate matchable Medicaid expenditures on the quarterly Form CMS-37. In addition, the estimate of matchable Demonstration expenditures (total computable and Federal share) subject to the budget neutrality expenditure limit and separately report these expenditures by quarter for each Federal fiscal year on the Form CMS-37 (narrative section) for both the Medical Assistance Payments (MAP) and State and Local Administration Costs (ADM). CMS shall make Federal funds available based upon the State's estimate, as approved by CMS. Within 30 days after the end of each quarter, the State must submit the Form CMS-64 quarterly Medicaid expenditure report, showing Medicaid expenditures made in the quarter just ended. CMS shall reconcile expenditures reported on the Form CMS-64 with Federal funding previously made available to the State, and include the reconciling adjustment in the finalization of the grant award to the State.

42. **Extent of Federal Financial Participation for the Demonstration** Subject to CMS approval of the source(s) of the non-Federal share of funding, CMS shall provide FFP at the applicable Federal matching rates for the Demonstration as a whole as outlined below, subject to the budget neutrality

limits described in section XIX:

a. Administrative costs, including those associated with the administration of the Demonstration;

b. Net expenditures and prior period adjustments, made under approved Expenditure Authorities granted through section 1115(a)(2) of the Act, with dates of service during the operation of the Demonstration.

43. **Sources of Non-Federal Share.** The State provides assurance that the matching non-Federal share of funds for the Demonstration is derived from State/local monies. The State further assures that non-federal funds used to pay for Medicaid expenditures shall not be used as the matching funding for any other Federal grant or contract, except as expressly permitted by law. All sources of non-Federal funding must be compliant with section 1903(w) of the Act and applicable regulations. In addition, all sources of the non-Federal share of funding are subject to CMS approval.

a. CMS may review at any time the sources of the non-Federal share of funding for the Demonstration. The State agrees that all funding sources deemed unacceptable by CMS shall be addressed within the time frames set by CMS.

b. Any amendments that impact the financial status of the program shall require the State to provide information to CMS regarding all sources of the non-Federal share of funding.

c. The State assures that all provider taxes comport with section 1903(w) of the Act and all other applicable Federal statutory and regulatory provisions as well as the approved Medicaid State plan.

44. **Monitoring the Demonstration.** The State must provide CMS with information to effectively monitor the Demonstration, upon request, in a reasonable timeframe.

45. **Provider Taxes.** All provider taxes must comport with section 1903(w) of the Act and all other applicable Federal statutory and regulatory requirements.

46. **Payment Rates for IowaCare Services.** The methods and standards for establishing payment rates for IowaCare services are described in Attachment A.

X. MONITORING BUDGET NEUTRALITY FOR THE DEMONSTRATION

47. **Limit on Title XIX Funding.** The State shall be subject to a limit on the amount of Federal title XIX funding that the State may receive on selected Medicaid expenditures during the period of approval of the Demonstration. The budget neutrality expenditure targets are set on a yearly basis with a cumulative budget neutrality expenditure limit for the length of the entire Demonstration. Actual expenditures subject to the budget neutrality expenditure limit shall be reported by the State using the procedures described in section IX, paragraph 2.

48. **Risk.** The State shall be at risk for the both the number of enrollees in the Demonstration as well as the per capita cost for Demonstration eligibles under this budget neutrality agreement.

49. **Budget Neutrality Aggregate Cap.** Budget neutrality is determined on an aggregate cap basis as shown below in Table 11:

Table 11

DY/ SFY	Annual Budget Neutrality Cap (Total Computable)
DY 1/ SFY 2006	$102,200,000
DY 2/ SFY 2007	$109,354,000
DY 3/ SFY 2008	$117,008,780
DY 4/ SFY 2009	$125,199,395
DY 5/ SFY 2010	$133,963,352
Total DY 1 to DY 5	**$587,725,527**
DY 6/ SFY 2011	$143,340,787
DY 7/ SFY 2012	$153,374,642
DY 8/ SFY 2013	$164,110,867
DY 9/ 07/01/2013 – 12/31/2013	$87,799,314
Total for Extension Period	**$548,625,610**
Cumulative Total (Initial 5 Years Plus Extension Period)	**$1,136,351,137**

50. **Upper Payment Limit (UPL).** Payments under the Medicaid State plan (including any supplemental payments), when added to payments under the Demonstration, must not exceed the State's UPLs established at 42 CFR 447.272 and 42 CFR 447.321 for the following services and classes of providers:
    a. Inpatient hospital services – State government-owned or operated
    b. Outpatient hospital services – State government-owned or operated
    c. Nursing facility services – Non-State government-owned or operated
    d. Nursing facility services – Privately-owned and operated

    The State must continue to use a cost-based UPL methodology for State government-owned or operated outpatient hospital services. The State will annually review the outpatient UPL and, to the extent necessary, reduce claimed expenditures under the Demonstration to the extent the UPL is exceeded.

    The Demonstration expenditures should be accounted for in all State plan UPL demonstrations, based on provider class and service type as identified in Table 12 below, to ensure that the sum of State plan and Demonstration expenditures do not exceed the applicable UPLs.

Table 12

Minimum Amounts by which State Plan Payments Must be Lower than UPL	DY 6	DY 7	DY 8	DY 9	3.5 Year Total
State Government Inpatient Hospital	$6,191,661	$8,234,499	$10,320,236	$6,224,887	$30,971,283
State Government Outpatient Hospital	$6,258,670	$6,671,086	$7,088,452	$3,755,413	$23,773,621
Non-State Government Nursing Facility	$6,328,779	$5,743,268	$6,404,191	$3,539,496	$22,015,734
Private Nursing Facility	$124,561,677	$132,725,789	$140,297,988	$74,279,518	$471,864,972
Total	$143,340,787	$153,374,642	$164,110,867	$87,799,314	$548,625,610

51. **Future Adjustments to the Budget Neutrality Expenditure Limit.** CMS reserves the right to adjust the budget neutrality expenditure limit to be consistent with enforcement of impermissible provider payments, health care related taxes, new Federal statutes, or policy interpretations implemented through letters, memoranda, or regulations with respect to the provision of services covered under IowaCare.

52. **Enforcement of Budget Neutrality.** CMS shall enforce budget neutrality over the life of the Demonstration rather than on an annual basis, by combining the annual limits calculated following section X, paragraph 49 into lifetime limits for the Demonstration. If at the end of this Demonstration period the budget neutrality limit has been exceeded, the State assures CMS that the excess Federal funds shall be returned to CMS. If the Demonstration is terminated prior to the end of the budget neutrality agreement, the budget neutrality test shall be based on the time elapsed through the termination date. The following describes how budget neutrality is enforced.

    a. If the Demonstration is terminated prior to the end of the budget neutrality agreement, an assessment of the State's compliance with these requirements shall be based on the time elapsed through the termination date.

    b. **Interim Checks/ Corrective Action Plan.** If the State exceeds the calculated cumulative target limit by the percentage identified below in table 13 for any of the DYs, the State shall submit a corrective action plan to CMS for approval.

Table 13

DY	Cumulative Target (Total Computable Funds)	Cumulative Target Definition	Percentage
DY 6	$144,774,195	Year 6 budget neutrality cap plus:	1 percent
DY 7	$298,199,006	Years 6 and 7 combined budget neutrality caps plus:	0.5 percent
DY 8	$460,826,296	Years 6 through 8 combined budget neutrality caps plus:	0 percent
DY 9	$548,625,610	Years 6 through 9 combined budget neutrality caps plus:	0 percent

XI. BENCHMARKS

53. The State shall work to meet the following benchmarks during the extension period:

a. Increase local access to primary and preventative care for Demonstration Population 1 by expanding the provider network to include FQHCs. By October 1, 2010, add at least one FQHC in the most underserved region of the State. By December 1, 2010, submit a plan to CMS to phase-in additional FQHCs. – ACCOMPLISHED

b. Decrease hospital uncompensated care and medical debt burdens for Demonstration Population 1 by adding limited payment to non-network hospitals for emergency treatment when the member is not able to access a network provider. By October 1, 2010, establish the requirements and protocols for payment to non-network hospitals. – ACCOMPLISHED

c. By October 1, 2010, establish a medical home model within the primary provider network, including medical home certification requirements, payment methods, provider performance measurement, and evaluation within the Demonstration evaluation design. The specific goals of the medical home model are the following:
   i. Establish three medical home sites in DY 6 and by December 1, 2010, develop a plan for expanding the number of medical home sites through the Demonstration period.
   ii. By October 1, 2010, establish minimum requirements for a medical home.
   iii. Collaborate by participating in quarterly meetings with the Iowa Medical Home Advisory Committee in developing the medical home model.
   iv. Improve health care outcomes for members with chronic disease through medical home care coordination and use of disease registries.
   v. Decrease utilization of high cost and geographically difficult to access specialty and hospital care through medical home care management.
   vi. Add payment for peer consultation for medical home/ specialty consultation to reduce the need for travel to the UIHC for specialty care.
   vii. Increase beneficiary self-management skills and primary care engagement.
   viii. Implement at least one disease management program within each medical home.
   ix. By October 1, 2010, establish a payment methodology for a medical home.
   x. By October 1, 2010, establish performance measurements for medical homes.
   xi. By July 1, 2011, develop a plan for expanding the medical home model in the full-benefit Medicaid program.
   xii. Include information on the above elements in the required quarterly and annual reports to

CMS. – ACCOMPLISHED – See Attachment B

d. Increase the adoption and meaningful use of Electronic Health Records (EHR) and Health Information Exchange (HIE) by primary network providers in the Demonstration. All primary network providers will either have an EHR, or will have a plan and timeframe for adopting an EHR.
   i. As a minimum requirement for all medical homes, the medical home site must have a disease registry in operation that it uses to manage at least 1 chronic disease.
   ii. The State must collaborate with the State's HIE designated entity to ensure that primary network providers are a high priority for connecting to the State's HIE.
   iii. The State may facilitate the exchange of electronic information, as a transition to the Statewide HIE, among network providers if feasible.
   iv. By July 1, 2011, network providers will achieve adopt, implement, upgrade, or meaningfully use certified EHR technology. Network providers will connect to and utilize the statewide HIE. – ACCOMPLISHED

e. By January 1, 2011, develop a quality assurance plan for the Demonstration. The State will collaborate with CMS to select adult quality measures, means and frequency of data/measure collection, and how the quality measures will be used for program improvement. – ACCOMPLISHED

f. The State must continue to provide coverage of smoking cessation drugs and counseling programs and must monitor usage and success of the programs in reducing smoking among recipients of medical assistance and expansion population members.

g. The State must review the potential costs of paying for transportation to and from a provider included in the expansion population provider network under this Demonstration. The State will report the results of the review by December 15, 2010. – ACCOMPLISHED

h. The State is required to prepare, and incrementally revise, a Transition Plan consistent with the provisions of the ACA for individuals enrolled in the Demonstration, including how the State plans to coordinate the transition of these individuals to a coverage option available under the ACA. The State must submit a draft to CMS by July 1, 2012, with progress updates included in each quarterly report. The State will revise the Transition Plan as needed. ACCOMPLISHED SUBMISSION OF DRAFT ON July1, 2012.

XII. EVALUATION

54. **Submission of Draft Evaluation Design.** The State shall submit to CMS for approval within 120 days from the award of the Demonstration extension a draft evaluation design which includes how the State will evaluate the medical home component of the Demonstration. At a minimum, the draft design must include a discussion of the goals, objectives, and specific hypotheses that are being tested, including those that focus specifically on the target populations for the Demonstration. The draft design must discuss the outcome measures that shall be used in evaluating the impact of the Demonstration during the period of approval, particularly among the target population. It shall discuss the data sources and sampling methodology for assessing these outcomes. The draft evaluation design must include a detailed analysis plan that describes how the effects of the Demonstration shall be isolated from other initiatives occurring in the State. The

draft design must identify whether the State will conduct the evaluation, or select an outside contractor for the evaluation. ACCOMPLISHED.

55. **Interim Evaluation Reports**. In the event the State requests to extend the Demonstration beyond the current approval period under the authority of §1115(a), (e), or (f) of the Act, the State must submit an interim evaluation report as part of the State's request for each subsequent renewal.

56. **Final Evaluation Design and Implementation.** CMS shall provide comments on the draft evaluation design within 60 days of receipt, and the State shall submit a final design within 60 days of receipt of CMS comments. The State must implement the evaluation design and submit its progress in each of the quarterly and annual progress reports. The State must submit to CMS a draft of the evaluation report within 120 days after expiration of the Demonstration. CMS must provide comments within 60 days after receipt of the report. The State must submit the final evaluation report within 60 days after receipt of CMS comments.

57. **Cooperation with Federal Evaluators.** Should CMS undertake an independent evaluation of any component of the Demonstration, the State shall cooperate fully with CMS or the independent evaluator selected by CMS. The State shall submit the required data to CMS or the contractor.

XIII. SCHEDULE OF STATE DELIVERABLES DURING THE DEMONSTRATION

Date – Specific	Deliverable	STC Reference
12/01/2010	Submit plan to phase-in additional FQHCs	Section XI, paragraph 1
12/15/2010	Submit results of review to cover transportation costs	Section XI, paragraph 1
01/01/2011	Submit Draft Evaluation Design	Section XII, paragraph 1
Annual	By Nov. 1st - Draft Annual Report	Section VIII, paragraph 5
Quarterly	Quarterly Progress Reports	Section VIII, paragraph 4

CENTERS FOR MEDICARE & MEDICAID SERVICES
SPECIAL TERMS AND CONDITIONS

NUMBER: 11-W-00189/7

TITLE: IowaCare

AWARDEE: Iowa Department of Human Services

I. PREFACE

The following are the Special Terms and Conditions (STCs) for Iowa's IowaCare section 1115(a) Medicaid Demonstration (hereinafter referred to as "Demonstration"). The parties to this agreement are the Iowa Department of Human Services (State) and the Centers for Medicare & Medicaid Services (CMS). The STCs set forth in detail the nature, character, and extent of Federal involvement in the Demonstration and the State's obligations to CMS during the life of the Demonstration. The amended STCs are effective July 1, 2013, unless otherwise specified. This Demonstration is approved through December 31, 2013.

The amended STCs have been arranged into the following subject areas:

I. Preface
II. Program Description and Objectives
III. General Program Requirements
IV. Eligibility Determination, Enrollment, and Disenrollment
V. Benefits
VI. Cost Sharing
VII. Delivery Systems
VIII. General Reporting Requirements
IX. General Financial Requirements
X. Monitoring Budget Neutrality for the Demonstration
XI. Benchmarks
XII. Evaluation
XIII. Schedule of State Deliverables During the Demonstration

II. PROGRAM DESCRIPTION AND OBJECTIVES

The IowaCare Demonstration was originally approved and began implementation on July 1, 2005. Under this renewal, the State will continue to provide health care services to the Expansion Population and Spend-down Pregnant Women populations. During the renewal period, children with serious emotional disorders will be served under a 1915(c) home and community-based services waiver.

Under this Demonstration extension, Iowa expects to achieve the following to promote the objectives of title XIX:

Deleted: Attachment B ¶
IowaCare Special Terms and Conditions¶
IowaCare Medical Home Model¶

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- Access: Improve access to and coordination of the most appropriate cost effective care through implementation of a medical home pilot.

- Quality: Encourage provision of quality medical services to all enrollees. Encourage quality, continuity, and appropriate medical care.

  Improve the health status of IowaCare enrollees by improving access to a greater number of beneficiaries by adding additional network providers in underserved areas of the State.

- Prevention: Encourage individuals to stay healthy and seek preventive care through care coordination in the medical home pilot.

On November 1, 2011, the state of Iowa was approved to implement an uncompensated care pool (IowaCare Safety Net Care Pool or I-SNCP). The purpose of the I-SNCP is to reimburse expenditures incurred by hospitals, clinics, or by other provider types for uncompensated medical care costs of medical services provided to IowaCare members. Allowable expenditures include durable medical equipment and outpatient prescription drugs provided to IowaCare members assigned to Broadlawns as a medical home (above the current 10-day supply of prescription medication after an inpatient hospitalization available to all IowaCare members); durable medical equipment, in-home health care and rehabilitation and therapy services after an inpatient stay; and costs borne by FQHCs for IowaCare members using the FQHC as a medical home when the FQHCs do not have the needed laboratory or radiology services on site.

III. GENERAL PROGRAM REQUIREMENTS

1. **Compliance with Federal Non-Discrimination Statutes.** The State must comply with all applicable Federal statutes relating to non-discrimination. These include, but are not limited to, the Americans with Disabilities Act of 1990, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975.

2. **Compliance with Medicaid Law, Regulation, and Policy.** All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly identified as not applicable in the expenditure authority documents (of which these terms and conditions are part), must apply to the Demonstration.

3. **Changes in Medicaid Law, Regulation, and Policy**. The State must, within the time frames specified in law, regulation, or policy statement, come into compliance with any changes in Federal law, regulation, or policy statement affecting the Medicaid program that occur during this Demonstration approval period, unless the provision being changed is expressly identified as not applicable.

4. **Impact on Demonstration of Changes in Federal Law, Regulation, and Policy.**
   a. To the extent that a change in Federal law, regulation, or policy requires either a reduction or an increase in Federal financial participation (FFP) for expenditures made under this Demonstration, the State must adopt, subject to CMS approval, a modified budget neutrality agreement for the Demonstration as necessary to comply with such change. The modified budget neutrality agreement will be effective upon the implementation of the change.

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b. If mandated changes in the Federal law require State legislation, the changes must take effect on the day such State legislation becomes effective, or on the last day such legislation was required to be in effect under the law.

5. **State Plan Amendments.** The State will not be required to submit title XIX State plan amendments for changes affecting any populations made eligible solely through the Demonstration. If a population eligible through the Medicaid State plan is affected by a change to the Demonstration, a conforming amendment to the State plan may be required, except as otherwise noted in these STCs.

6. **Changes Subject to the Amendment Process.** Changes related to eligibility, enrollment, benefits, enrollee rights, delivery systems, cost sharing, evaluation design, sources of non-Federal share of funding, budget neutrality, and other comparable program elements must be submitted to CMS as amendments to the Demonstration. All amendment requests are subject to approval at the discretion of the Secretary in accordance with section 1115 of the Act. The State must not implement changes to these elements without prior approval by CMS. Amendments to the Demonstration are not retroactive and FFP will not be available for changes to the Demonstration that have not been approved through the amendment process set forth in section III, paragraph 7 below.

7. **Amendment Process.** Requests to amend the Demonstration must be submitted to CMS for approval no later than 120 days prior to the planned date of implementation of the change and may not be implemented until approved. CMS reserves the right to deny or delay approval of a Demonstration amendment based on non-compliance with these STCs, including but not limited to failure by the State to submit required reports and other deliverables in a timely fashion according to the deadlines specified herein. Amendment requests must include, but are not limited to, the following:

   a. An explanation of the public process used by the State, consistent with the requirements of section III, paragraph 13, to reach a decision regarding the requested amendment;

   b. A data analysis which identifies the specific "with waiver" impact of the proposed amendment on the current budget neutrality agreement. Such analysis shall include current total computable "with waiver" and "without waiver" status on both a summary and detailed level through the current approval period using the most recent actual expenditures, as well as summary and detailed projections of the change in the "with waiver" expenditure total as a result of the proposed amendment, which isolates (by Eligibility Group) the impact of the amendment;

   c. A detailed description of the amendment, including impact on beneficiaries, with sufficient supporting documentation; and

   d. If applicable, a description of how the evaluation design will be modified to incorporate the amendment provisions.

8. **Demonstration Phase-Out.** The State may only suspend or terminate this Demonstration in whole, or in part, consistent with the following requirements.

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a. Notification of Suspension or Termination: The State must promptly notify CMS in writing of the reason(s) for the suspension or termination, together with the effective date and a phase-out plan. The State must submit its notification letter and a draft phase-out plan to CMS no less than 5 months before the effective date of the Demonstration's suspension or termination. Prior to submitting the draft phase-out plan to CMS, the State must publish on its website the draft phase-out plan for a 30-day public comment period. In addition, the State must conduct tribal consultation in accordance with its approved tribal consultation State Plan Amendment. Once the 30-day public comment period has ended, the State must provide a summary of each public comment received, the State's response to the comment and how the State incorporated the received comment into the revised phase-out plan.

   The State must obtain CMS approval of the phase-out plan prior to the implementation of the phase-out activities. Implementation of phase-out activities must be no sooner than 14 days after CMS approval of the phase-out plan.

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b. Phase-out Plan Requirements: The State must include, at a minimum, in its phase-out plan the process by which it will notify affected beneficiaries, the content of said notices (including information on the beneficiary's appeal rights), the process by which the State will conduct administrative reviews of Medicaid eligibility for the affected beneficiaries, and ensure ongoing coverage for eligible individuals, as well as any community outreach activities.

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c. Phase-out Procedures: The State must comply with all notice requirements found in 42 CFR §431.206, 431.210 and 431.213. In addition, the State must assure all appeal and hearing rights afforded to Demonstration participants as outlined in 42 CFR §431.220 and 431.221. If a Demonstration participant requests a hearing before the date of action, the State must maintain benefits as required in 42 CFR §431.230. In addition, the State must conduct administrative renewals for all affected beneficiaries in order to determine if they qualify for Medicaid eligibility under a different eligibility category as discussed in the October 1, 2010, State Health Official Letter #10-008.

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d. Federal Financial Participation (FFP): If the project is terminated or any relevant waivers suspended by the State, FFP shall be limited to normal closeout costs associated with terminating the Demonstration including services and administrative costs of disenrolling participants.

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9. **CMS Right to Terminate or Suspend.** CMS may suspend or terminate the Demonstration (in whole or in part) at any time before the date of expiration whenever it determines following a hearing that the State has materially failed to comply with the terms of the project. CMS will promptly notify the State in writing of the determination and the reasons for the suspension or termination, together with the effective date.

10. **Finding of Non-Compliance.** The State does not relinquish its rights to challenge the CMS finding that the State materially failed to comply.

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11. **Withdrawal of Waiver Authority.** CMS reserves the right to withdraw waivers or expenditure authorities at any time it determines that continuing the waivers or expenditure authorities would no longer be in the public interest or promote the objectives of title XIX. CMS will promptly notify the State in writing of the determination and the reasons for the withdrawal, together with

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the effective date, and afford the State an opportunity to request a hearing to challenge CMS' determination prior to the effective date. If a waiver or expenditure authority is withdrawn, FFP is limited to normal closeout costs associated with terminating the waiver or expenditure authority, including services and administrative costs of disenrolling participants.

12. **Adequacy of Infrastructure.** The State must ensure the availability of adequate resources for implementation and monitoring of the Demonstration, including education, outreach, and enrollment; maintaining eligibility systems; compliance with cost sharing requirements; and reporting on financial and other Demonstration components.

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13. **Public Notice, Tribal Consultation, and Consultation with Interested Parties.** The State must continue to comply with the State Notice Procedures set forth in 59 Fed. Reg. 49249 (September 27, 1994) and the tribal consultation requirements pursuant to section 1902(a)(73) of the Act as amended by section 5006(e) of the American Recovery and Reinvestment Act (ARRA) of 2009, when any program changes to the Demonstration, including (but not limited to) those referenced in section III, paragraph 7, are proposed by the State. In States with Federally recognized Indian tribes, Indian health programs, and/or Urban Indian organizations, the State is required to submit evidence to CMS regarding the solicitation of advice from these entities prior to submission of any Demonstration proposal, amendment and/or renewal of this Demonstration.

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14. **FFP.** No Federal matching for expenditures for this Demonstration will take effect until the effective date identified in the Demonstration approval letter.

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IV. ELIGIBILITY DETERMINATION, ENROLLMENT, and DISENROLLMENT

15. **Demonstration Populations.** The populations described in Table 1 are eligible for the Demonstration. Only persons who do not meet the eligibility requirements of the Medicaid State plan are eligible for the Demonstration. Demonstration Eligibles will be assigned to the designated medical home as defined in paragraph 27. The State will establish an enrollment cap effective July 1, 2013, and will cease the enrollment process for applications for new Demonstration Eligibles filed on or after June 1, 2013. The numeric cap limit will be based on the total number of Demonstration Enrollees who applied for coverage before June 1, 2013, and were approved for program participation. After the cap is implemented, the State will evaluate program attrition on a quarterly basis to determine the number of applicants that can be added for the next open enrollment period. Once the enrollment period is established, previously denied applicants that can be added to the program will be notified that they may reapply. Notification will be made based on the date of filing of the originally denied application, with the oldest date being notified first.

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Table 1

Population Name	Population Description	Federal Poverty Level (FPL) or other criteria	Expenditure and Eligibility Group Reporting
Demonstration Population 1	Custodial parents and caretaker relatives who are not otherwise eligible for Medicaid or Medicare	Family income up to 200 percent of the FPL; no resource limit	Expansion Pop.
	Non-custodial parents and childless adults (age 19 – 64) who are not otherwise eligible	0% FPL through 200% FPL; no resource limit	

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	for Medicaid or Medicare		
Demonstration Population 2	Spend-down Pregnant Women	Less than or equal to 300% of the FPL who have incurred medical expenses for all family members that reduce available family income to 200% of the FPL, with resources in excess of Medicaid State plan limits	Spnd-dwn Preg. Wmn.

16. **Enrollment Cap**. Any numeric enrollment limitation must be submitted to CMS for review and approval following the process outlined in section III, paragraph 7.

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17. **Eligibility Exclusions.** Generally, a person who has access to group health insurance is not eligible for IowaCare. However, a person with access to group health insurance may enroll in IowaCare, if the individual states that any of the following conditions exist:
    a. The coverage is unaffordable;
    b. Exclusions for preexisting conditions apply;
    c. Needed services are not services covered by the plan;
    d. The limits of benefits under the plan have been reached; or,
    e. The plan includes only catastrophic health care coverage.

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18. **Enrollment.** Except for when an enrollment cap is being enforced, the enrollment process is as follows:
    a. Applicant files an application at a local department office or Disproportionate Share Hospital, Federally Qualified Health Center (FQHC), resource center or other facility where out-stationing activities are provided.
    b. Applicant may request one retroactive month of eligibility.
    c. The State makes the eligibility determination.
    d. At the end of the eleventh month, the IowaCare renewal application is sent to the applicant.
    e. Individuals enrolled in IowaCare must have an eligibility redetermination at least once every 12 months. Each redetermination must include a reassessment of the individual's eligibility for Medicaid. An IowaCare member may apply for Medicaid at any time for any reason. The State will determine eligibility and enroll individuals in programs for which they are found eligible.

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19. **Disenrollment.** Members are disenrolled for the following reasons:
    a. The 12-month certification period ends;
    b. The member is determined eligible for Medicaid or Medicare;
    c. The member does not pay the premium or request hardship timely. Members shall have a 60 day grace period (from the date the premium is due) to pay their premium. Members must request a hardship by the due date;
    d. The member no longer meets the nonfinancial eligibility requirements;
    e. The member was determined eligible due to member misrepresentation or agency error;
    f. The member requests cancellation;
    g. The member moves out of State; or,
    h. The member dies.

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20. If an IowaCare member is disenrolled for failing to pay the premium or requesting hardship, the member may owe an outstanding obligation to the State. However, the individual must be allowed to reenroll in the Demonstration (assuming the individual continues to meet eligibility

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requirements) and continue to have the option of claiming hardship.

V. BENEFITS

21. **Benefits.** The benefits and coverage are limited to inpatient hospital, outpatient hospital, physician, advanced registered nurse practitioner, and a limited dental benefit. Pharmacy and durable medical equipment and supplies that are prescribed or provided as part of a covered inpatient hospital stay are also covered services. IowaCare members may receive a 10-day supply of prescription medication to take home after an inpatient hospital discharge. All conditions of service provision will apply in the same manner as under the Medicaid State plan, including, but not limited to, prior authorization requirements and exclusions for cosmetic procedures or those otherwise determined not to be medically necessary.

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IowaCare members will also have access to smoking cessation medication and counseling and a nurse helpline.

Demonstration Population 2 (Spend-down Pregnant Women) will also receive obstetric services.

A description of the benefits also appears in Table 2 below:

Benefit	Notes/ Limitations
Inpatient hospital	
Outpatient hospital	
Physician/ advanced registered nurse practitioner	
Dental	Limited as determined by the medical home provider.
Smoking cessation medication and counseling	
Pharmacy	Only if prescribed as part of an inpatient hospital stay. IowaCare members receive a 10-day supply of prescription medication to take home after an inpatient hospital discharge
Durable Medical Equipment	Only if provided as part of an inpatient hospital stay
Obstetric services	Only available to Demonstration Population 2 (Spend-down pregnant women)
Annual comprehensive medical examination and appropriate lab tests	May be received from any Medicaid-certified physician, advanced registered nurse practitioner, or physician assistant as described in section VII, paragraph 2. Once a member is assigned to a medical home, the member must receive this benefit through the medical home.

VI. COST SHARING

22. **Co-Payments.** Enrollees will be subject to the same co-payments as required under the Medicaid State plan.

23. **Premiums.** Premiums may be charged to individuals as follows:

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Annual Household Income	Maximum Monthly Premium
All enrollees above 150% through 200% of the FPL	No more than one-twelfth of 5 percent of the individual's annual family income

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24. **Hardship Waiver.** An IowaCare member who submits a written statement or signs the hardship statement on the IowaCare billing statement indicating that payment of the monthly premium will be a financial hardship will be exempted from premium payment for that month. If the statement is not postmarked by the premium due date, the member shall be obligated to pay the premium and will owe an outstanding debt to the State.

25. **Total Aggregate Out of Pocket Expenditures.** The total aggregate amount of IowaCare premiums and cost sharing, Medicaid cost sharing, and CHIP premiums and cost sharing must not exceed 5 percent of family income. Family income must be determined in the same manner as was used to determine eligibility. The State must develop a process for ensuring that families do not exceed the 5 percent cost sharing limit, and must include a description of this process in the first quarterly report required in section VIII, paragraph 36, and in each annual report required in section VIII, paragraph 37.

26. **Cost Sharing for Certain American Indian/Alaskan Native Eligibles.** No premium shall be imposed on American Indian/Alaskan Native individuals enrolled in the Demonstration who is furnished an item or service by an Indian Health Provider, or through referral to contract health services. No cost sharing shall be charged to such individuals for services furnished through Indian Health Providers or under contract health services. These limitations give effect to the exemptions described in section 5006 of the American Recovery and Reinvestment Act of 2009.

VII. DELIVERY SYSTEMS

27. **Regional Primary Provider Network.** The regional primary provider network will be phased in as described in the following charts.

    a. **October 1, 2010** – Four medical homes were established serving designated counties as indicated in Table 3. IowaCare members from these designated counties needing tertiary and quaternary care are referred to the University of Iowa Hospitals and Clinics (UIHC). IowaCare members in all other non-designated counties in the state must receive all care at UIHC. - ACCOMPLISHED

Table 3

Provider	Counties Served	
Broadlawns Medical Center	• Polk	
Peoples Community Health Clinic	• Black Hawk • Bremer • Buchanan • Butler • Cerro Gordo • Chickasaw • Fayette	• Floyd • Franklin • Grundy • Howard • Mitchell • Winneshiek • Worth
Siouxland Community Health Center	• Cherokee • Crawford • Harrison • Ida • Lyons • Monona	• O'Brien • Osceola • Plymouth • Shelby • Sioux • Woodbury
University of Iowa Hospitals &	• Benton	• Keokuk

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Clinics	• Cedar • Iowa • Johnson • Jones	• Linn • Louisa • Muscatine • Washington

b. **July 1, 2011 –** IowaCare members in ten counties originally assigned to Peoples Community Health Clinic were reassigned to three new medical homes as follows in Table 4. Peoples Community Health Clinic will continue to serve IowaCare members from four counties. – ACCOMPLISHED

Table 4

Provider	Counties Served	
Crescent Community Health Center	• Chickasaw • Fayette	• Howard • Winneshiek
Community Health Center of Fort Dodge	• Cerro Gordo • Floyd • Franklin	• Mitchell • Worth
Peoples Community Health Clinic	• Black Hawk • Bremer	• Buchanan • Butler
Primary Health Care, Inc.	• Grundy	

c. **Effective December 1, 2011** – The State is divided into five regions consisting of six FQHCs and the University of Iowa Hospitals and Clinics (UIHC) and Broadlawns Medical Center as shown in Table 5. Regions 1 and 2 are assigned to UIHC. Broadlawns will become a medical home serving the 7 counties surrounding Polk County and become a regional hospital providing secondary care for IowaCare members assigned to medical homes in Regions 3, 4, and 5. Members in Regions 3, 4, & 5 who are not assigned to a medical home will continue to receive services at UIHC.

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Table 5

	Hospital	Medical Home	Counties Served
REGIONS 3, 4, & 5	Broadlawns	Broadlawns Medical Center	• Polk • Boone • Dallas • Jasper • Madison • Marion • Story • Warren
	Broadlawns	Community Health Center of Fort Dodge	• Cerro Gordo • Floyd • Franklin • Mitchell • Worth • Webster *
	Broadlawns	Council Bluffs Community Health Center*	• Harrison * • Mills* • Montgomery* • Pottawattamie* • Shelby* • Audubon*

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	Broadlawns	Siouxland Community Health Center	• Cherokee • Crawford • Ida • Monona • O'Brien • Plymouth • Sioux • Woodbury • Buena Vista* • Carroll* • Clay* • Dickinson* • Lyon • Osceola • Sac*
REGIONS 1 & 2	UIHC	Crescent Community Health Center	• Chickasaw • Fayette • Howard • Winneshiek • Dubuque *
	UIHC	Peoples Community Health Clinic	• Black Hawk • Bremer • Buchanan • Butler
	Broadlawns	Primary Health Care, Inc.	• Grundy
	UIHC	University of Iowa Hospitals & Clinics	• Benton • Cedar • Iowa • Johnson • Jones • Keokuk • Linn • Louisa • Muscatine • Washington • Clinton* • Davis* • Des Moines* • Henry* • Jackson* • Jefferson* • Lee* • Poweshiek* • Scott* • Van Buren* • Wapello*

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d. **Effective January 1, 2012** – IowaCare members in all counties Statewide are assigned to a medical home as defined in Table 7. Broadlawns Medical Center will be providing hospital services to all IowaCare members in Regions 3, 4 & 5. The UIHC is providing hospital services to IowaCare members in Regions 1 & 2 and tertiary and quaternary care to all IowaCare members state-wide.

Table 7

	Hospital	Medical Home	Counties Served
REGIONS 3, 4, & 5	Broadlawns	Broadlawns Medical Center	• Polk • Appanoose* • Boone • Clarke* • Dallas • Decatur* • Greene * • Jasper • Lucas* • Madison • Mahaska* • Marion • Monroe* • Ringgold* • Story • Union* • Warren • Wayne*
	Broadlawns	Community Health Center of Fort Dodge	• Cerro Gordo • Floyd • Franklin • Mitchell • Worth • Calhoun* • Hamilton* • Hancock* • Humboldt* • Kossuth* • Pocahontas* • Webster • Winnebago* • Wright*
	Broadlawns	Council Bluffs Community Health Center	• Harrison • Mills • Montgomery • Pottawattamie • Shelby • Adair* • Adams* • Audubon • Cass* • Fremont • Guthrie* • Page

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	Broadlawns	Siouxland Community Health Center	• Cherokee • Crawford • Ida • Monona • O'Brien • Plymouth • Sioux • Woodbury • Buena Vista • Carroll • Clay • Dickinson • Emmet* • Palo Alto* • Lyon • Osceola • Sac
REGIONS 1 & 2	UIHC	Crescent Community Health Center	• Chickasaw • Fayette • Howard • Winneshiek • Allamakee* • Clayton* • Delaware* • Dubuque
	UIHC	Peoples Community Health Clinic	• Black Hawk • Bremer • Buchanan • Butler
	Broadlawns	Primary Health Care, Inc	• Grundy • Hardin * • Marshall* • Tama *
	UIHC	University of Iowa Hospitals & Clinics	• Benton • Cedar • Iowa • Johnson • Jones • Keokuk • Linn • Louisa • Muscatine • Washington • Clinton • Davis • Des Moines • Henry • Jackson • Jefferson • Lee • Poweshiek

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e. **Spend-Down Pregnant Women** - Spend-down pregnant women may also receive obstetric services from any Medicaid-certified provider, unless the beneficiary resides in Cedar, Clinton, Iowa, Johnson, Keokuk, Louisa, Muscatine, Scott, or Washington counties, in which case the beneficiary must receive obstetric services from the University of Iowa Hospitals and Clinics.
f. Any changes to the regional primary provider network require CMS review and approval.

The provider network for Spend-Down Pregnant Women is also described in the Table 8 below:

Table 8

Population Description	Provider	Covered Services
Women who reside in Cedar, Clinton, Iowa, Johnson, Keokuk, Louisa, Muscatine, Scott, or Washington counties.	University of Iowa Hospitals and Clinics	Obstetric services provided in an inpatient hospital, outpatient hospital, or physician office
Women who reside in counties other than Cedar, Clinton, Iowa, Johnson, Keokuk, Louisa, Muscatine, Scott, or Washington	Any Medicaid-certified physician or Advanced Registered Nurse Practitioner	

28. **Annual Comprehensive Medical Examination**. Prior to being assigned to a medical home, IowaCare members may receive an annual comprehensive medical examination and appropriate lab tests, from any Medicaid-certified physician, advanced registered nurse practitioner, or physician assistant. IowaCare members must obtain any follow-up services from the primary IowaCare provider network described in the paragraph above (section VII, paragraph 27). IowaCare members who are assigned to a medical home may only receive the annual comprehensive medical examination through the medical home.

29. **Additional Primary Care-Related Provider Network**. Beginning October 1, 2010, and subject to the level of funding appropriated by the Iowa State Legislature as described below, the State may phase in the addition of FQHCs into the provider network to provide primary care services. Beginning October 1, 2010, the FQHCs located in Sioux City and Waterloo will be added to the provider network for primary care services. ACCOMPLISHED.

The State is not required to provide services via the additional primary care-related provider network, if expenditures for such services exceed the total computable amount for each DY as described in the Table 9 below.

Table 9

DY	Estimated Total Computable Amount Available for Services Provided by the Additional Primary-Care Related Provider Network
DY 6	$6 million
DY 7	$10 million
DY 8	$10 million
DY 9	$5 million

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30. **IowaCare Medical Home.** Within the Demonstration the Medical Home is defined as "an approach to providing comprehensive primary care, that facilitates partnerships between individual patients, and their personal providers, and when appropriate, the patient's family." To accomplish this objective:
    a. By October 1, 2010, the State must establish a medical home model for all network providers as described in paragraph 27 and include medical home certification requirements, payment methods, and provider performance measurement, and update the evaluation design. These elements must be approved by CMS accordingly.
    b. The State may require IowaCare members who reside in counties within the service region of the medical home to utilize the "assigned" medical home prior to accessing specialty or hospital services through other network providers.
    c. Certified medical homes may receive a per member per month payment between $2 and $5 for services rendered consistent with OMB circular A-87.
    d. Medical home incentive payments shall comply with the requirements of Attachment B.

31. **Services Covered Outside the Primary Provider Network.**
    a. Beginning October 1, 2010, and subject to the level of funding appropriated by the Iowa State Legislature, IowaCare members may receive emergency services from hospitals other than the University of Iowa Hospitals and Clinics and Broadlawns Medical Center if i., ii., and iii. are met as described below.

    i. Either:
    - The services are emergency services and it is not medically possible to postpone provision of services and transfer the individual to a primary network provider, or
    - The beneficiary cannot be transferred to a primary network provider due to a lack of inpatient capacity.

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    ii. The individual is enrolled in Demonstration Population 1 at the time treatment is provided for the services to be covered.

    iii. The hospital is located in Iowa.

    Covered services must include emergency services, as designated by the State, and medically necessary treatment up to the point the beneficiary is medically stable and may be transferred to a primary network provider. Covered services are limited to services covered for primary network providers.

    The State is not required to provide emergency services covered outside the primary care provider network services, if expenditures for such services exceed the total computable amount for each DY as described in Table 10 below.

Table 10

DY	Estimated Total Computable Amount Available for Emergency Services Covered Outside the Primary Provider Network
DY 6	$2 million
DY 7	$3 million
DY 8	$3 million
DY 9	$1.5 million

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32. **IowaCare Safety Net Care Pool (I-SNCP)** was established November 1, 2011, to ensure support for the provision of health care to IowaCare members by hospitals, clinics, and other providers allowable under STC 32. The State is authorized to claim Federal Financial Participation (FFP), subject to limits under STC 32 and applicable Federal requirements, for expenditures made for uncompensated care provided to IowaCare individuals with no other source of third party coverage for the services identified below furnished by Broadlawns Medical Center, University of Iowa Hospitals and Clinics, FQHCs or other providers allowable under STC 32. The services identified, below, must meet the definition of such covered services in section 1905(a) of the Act and the approved Iowa State plan. The State must identify the provider and the source of the non-federal share for all expenditures under STC 32.

a. **Use of I-SNCP Funds** - The State is authorized to claim expenditures identified in STC 32(b) that are incurred by hospitals, clinics, or by other provider types allowable under STC 32 for uncompensated medical care costs of medical services provided to IowaCare members, as agreed upon by CMS and the State. Expenditures are claimed in accordance with CMS-approved claiming protocols.

b. **Allowable I-SNCP Expenditures** - Iowa may claim FFP for expenditures, based on payment methodologies approved in Attachment A, in the following defined categories of spending:

1. **Broadlawns Medical Center –** The purpose of this funding is for durable medical equipment and pharmacy services provided to IowaCare members assigned to Broadlawns as a medical home and is limited to outpatient prescription drugs, beyond the current 10-day supply of prescription medication after an inpatient hospital discharge that is included in the benefit package for all IowaCare members.
2. **Care Coordination** - The purpose of this funding is to defray costs being borne by the IowaCare participating providers for services necessary to ensure a positive outcome for the member after an inpatient hospitalization. IowaCare providers and non-IowaCare providers may be reimbursed for limited medically necessary services or equipment provided to enrolled IowaCare members subject to the limitations below. Providers must be participating Medicaid providers. All Medicaid rules regarding the provision of the service will apply (e.g. prior authorization, etc.). Payable services are limited to:
    a. Durable Medical Equipment (DME) – above the available DME benefit that is included in the IowaCare benefit package for all members;
    b. In-home health care; and
    c. Rehabilitation & therapy services.
3. **Lab & Radiology Services** - The purpose of this funding is to defray costs being borne by Federally Qualified Health Centers, participating in IowaCare as a medical home, who do not have the necessary laboratory testing and radiology equipment on site. Each participating FQHC will identify up to 4 laboratories and 4 radiology sites to which IowaCare members will be referred. Each provider will be assigned a unique IowaCare provider number under which claims for IowaCare members will be submitted. Claims will also include the IowaCare provider number of the referring FQHC. Only Medicaid-covered services provided by the designated enrolled participating Medicaid providers are payable. All Medicaid rules regarding the provision of the service will apply (e.g. prior authorization, etc.).

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c. **I-SNCP Annual Limits** – The total computable annual limits for I-SNCP cannot exceed the following:

1. DY 7 - $6,000,000
2. DY 8 - $6,000,000
3. DY 9 - $3,000,000

d. **Provider-Specific Cost Limit for Certain I-SNCP Expenditures.** The payments authorized under STC 32 are also limited on a provider-specific basis to the cost of providing approved Medicaid State plan services as identified in a reimbursement and cost protocol, to be approved by CMS and included in Attachment A, to IowaCare members, less payment received by or on behalf of such individuals for such services.

i. Broadlawns Pharmacy Payments
ii. Care Coordination Payments
iii. Lab & Radiology Payments

For payments under STC 32(b), the State must require each eligible provider to report cost and payment data on services eligible for reimbursement under this component of the I-SNCP in a manner that adheres to Medicare cost principles as they are represented on the Medicare cost report. For those eligible providers that do not currently complete a Medicare cost report or any other cost report, the State and CMS shall develop an agreed upon methodology to determine a proxy for uncompensated cost.

The State must submit for CMS approval a reimbursement and cost protocol that will establish rules and guidelines for the State to claim FFP for the provider payments, including a demonstration that payments do not exceed eligible uncompensated costs. This protocol will be incorporated into Attachment A. The State must submit a draft revised Attachment A by January 1, 2012. The protocol must be finalized by March 1, 2012. Federal financial participation is not available for payments under STC 32 after July 1, 2012 if the reimbursement and cost protocol is not approved. Federal matching will resume once the protocol is approved. The protocol must include precise definitions of eligible uncompensated provider costs and revenues that must be included in the calculation of uncompensated cost. The protocol must also identify the allowable source documents to support costs; it must include detailed instructions regarding the calculation and documentation of eligible costs and the tool used by the State and hospitals to apply for provider payments. The protocol must also include payment timeframes and amounts available to particular providers within the annual pool limits. For those eligible providers that do not currently complete a Medicare cost report or any other cost report, the protocol must include precise definitions of how the proxy for uncompensated costs and revenues shall be calculated. The protocol must also identify the allowable source documents to support the proxy uncompensated costs; it must include detailed instructions regarding the calculation and documentation of eligible proxy uncompensated costs and any tool used by the State.

VIII. GENERAL REPORTING REQUIREMENTS

33. **General Financial Requirements.** The State must comply with all general financial requirements under title XIX set forth in these STCs.

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34. **Reporting Requirements Related to Budget Neutrality.** The State must comply with all reporting requirements for monitoring budget neutrality set forth in this agreement. The State must submit any corrected budget neutrality data upon request.

35. **Monthly Calls**. CMS will schedule monthly conference calls with the State. The purpose of these calls is to discuss any significant actual or anticipated developments affecting the Demonstration. Areas to be addressed include, but are not limited to, health care delivery, enrollment, quality of care, access, the benefit package, cost-sharing, audits, lawsuits, financial reporting and budget neutrality issues, progress on evaluations, State legislative developments, and any Demonstration amendments, concept papers, or State plan amendments the State is considering submitting. CMS will update the State on any amendments or concept papers under review as well as Federal policies and issues that may affect any aspect of the Demonstration. The State and CMS will jointly develop the agenda for the calls.

36. **Quarterly Progress Reports.** The State must submit progress reports within 60 days following the end of each quarter (March, June, September, and December of each year). The intent of these reports is to present the State's analysis and the status of the various operational areas. These quarterly reports must include, but are not limited to:

    a. An updated budget neutrality monitoring spreadsheet;
    b. A discussion of events occurring during the quarter, or anticipated to occur in the near future, that affect health care delivery, including, but not limited to: approval and contracting with new plans, benefits, enrollment and disenrollment, grievances, quality of care, access, health plan contract compliance and financial performance that is relevant to the Demonstration, pertinent legislative or litigation activity, and other operational issues.
    c. Action plans for addressing any policy, administrative, or budget issues identified.
    d. Quarterly enrollment reports for Demonstration eligibles, that include the member months and end of quarter, point-in-time enrollment for each Demonstration population;
    e. Evaluation activities and interim findings;
    f. Progress meeting the benchmarks outlined in section XI; and,
    g. Other items as requested.

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37. **Annual Report.** The State must submit a draft annual report documenting accomplishments such as success in meeting the benchmarks listed in section XI, project status, quantitative and case study findings, interim evaluation findings, utilization data, and policy and administrative difficulties and solutions in the operation of the Demonstration.

    The State must submit the draft annual report no later than 120 days after the close of the Demonstration Year (DY). Within 30 days of receipt of comments from CMS, a final annual report must be submitted.

38. **Annual Program Compliance Evaluation.** Within 1 year of the closing date of each SFY, the State must submit an annual evaluation documenting Iowa medical assistance program compliance with the following:
    a. That providers retain 100 percent of the total computable payment of expenditures claimed under title XIX of the Act.

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IX. GENERAL FINANCIAL REQUIREMENTS

39. **Quarterly Expenditure Reports.** The State must provide quarterly expenditure reports using Form CMS-64 to separately report total expenditures for services provided through this Demonstration under section 1115 authority that are subject to budget neutrality. This project is approved for expenditures applicable to services rendered during the Demonstration period. CMS shall provide Federal Financial Participation (FFP) for allowable Demonstration expenditures only as long as they do not exceed the pre-defined limits on the costs incurred as specified in section X (Monitoring Budget Neutrality).

40. **Reporting Expenditures Subject to the Title XIX Budget Neutrality Expenditure Limit.** The following describes the reporting of expenditures subject to the budget neutrality limit:

    a. **Tracking Expenditures.** In order to track expenditures under this Demonstration, the State must report Demonstration expenditures through the Medicaid and Children's Health Insurance Program Budget and Expenditure System (MBES/CBES), following routine CMS-64 reporting instructions outlined in section 2500 of the State Medicaid Manual. All Demonstration expenditures claimed under the authority of title XIX of the Act and subject to the budget neutrality expenditure limit must be reported each quarter on separate Forms CMS-64.9 Waiver and/or 64.9P Waiver, identified by the Demonstration project number (11-W-00189/7) assigned by CMS, including the project number extension, which indicates the DY in which services were rendered.

    b. **Reporting of IowaCare Premiums.** The State must report IowaCare premiums that are collected by the State each quarter on Form CMS-64 Summary Sheet line 9.D., columns A and B. Additionally, the total amounts that are attributable to the Demonstration must be separately reported on the CMS-64 narrative, with subtotals by DY.

    c. **Cost Settlements.** For monitoring purposes, cost settlements attributable to the Demonstration must be recorded on the appropriate prior period adjustment schedules (Form CMS-64.9P Waiver) for the Summary Sheet Lines 7 and 10B, in lieu of Lines 9 or 10C. For any cost settlements not attributable to this Demonstration, the adjustments should be reported as otherwise instructed in the State Medicaid Manual.

    d. **Use of Waiver Forms.** The following three (3) waiver forms CMS-64.9 Waiver and/or 64.9P Waiver must be submitted each quarter (when applicable) to report title XIX expenditures for individuals enrolled in the Demonstration. The expressions in quotation marks are the waiver names to be used to designate these waiver forms in the MBES/CBES system.

        i. "Expansion Pop." (Expansion Population) expenditures,
        ii. "Spnd-dwn Preg. Wmn." (Spend-down Pregnant Women) expenditures.
        iii. "I-SNCP" (Iowa Safety Net Care Pool) expenditures

    e. **Pharmacy Rebates.** The State may propose a methodology for assigning a portion of pharmacy rebates to the Demonstration, in a way that reasonably reflects the actual rebate-eligible pharmacy utilization of the Demonstration population, and which reasonably identifies

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pharmacy rebate amounts with DYs. Use of the methodology is subject to the approval in advance by the CMS Regional Office, and changes to the methodology must also be approved in advance by the Regional Office. The portion of pharmacy rebates assigned to the Demonstration using the approved methodology will be reported on the appropriate Forms CMS-64.9 Waiver for the Demonstration, and not on any other CMS-64.9 form (to avoid double-counting). Each rebate amount must be distributed as State and Federal revenue consistent with the Federal matching rates under which the claim was paid.

f. **Title XIX Expenditures Subject to the Budget Neutrality Expenditure Limit.** For purposes of this section, the term "expenditures subject to the budget neutrality cap" refers to all title XIX expenditures on behalf of the individuals who are enrolled in this Demonstration, as defined in STC 14, including all service expenditures net of premium collections and other offsetting collections. All title XIX expenditures that are subject to the budget neutrality expenditure limit are considered Demonstration expenditures and must be reported on Forms CMS-64.9 Waiver and/or CMS-64.9P Waiver.

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g. **Title XIX Administrative Costs.** Administrative costs will not be subject to the budget neutrality expenditure limit, but the State must separately track and report additional administrative costs that are directly attributable to the Demonstration. All administrative costs will be identified on the Forms CMS-64.10 Waiver and/or 64.10P Waiver.

h. **Claiming Period.** All claims for expenditures subject to the budget neutrality expenditure limit (including any claims documented through cost settlements) must be made within 2 years after the calendar quarter in which the State made the expenditures. Furthermore, all claims for services during the Demonstration period (including any documented through cost settlements) must be made within 2 years after the conclusion or termination of the Demonstration. During the latter 2-year period, the State must continue to identify separately net expenditures related to dates of service during the operation of the section 1115 Demonstration on the CMS-64 waiver forms the net expenditures related to dates of service during the operation of the section 1115 Demonstration, in order to properly account for these expenditures in determining budget neutrality.

41. **Standard Medicaid Funding Process.** The standard Medicaid funding process must be used during the Demonstration. The State must estimate matchable Medicaid expenditures on the quarterly Form CMS-37. In addition, the estimate of matchable Demonstration expenditures (total computable and Federal share) subject to the budget neutrality expenditure limit and separately report these expenditures by quarter for each Federal fiscal year on the Form CMS-37 (narrative section) for both the Medical Assistance Payments (MAP) and State and Local Administration Costs (ADM). CMS shall make Federal funds available based upon the State's estimate, as approved by CMS. Within 30 days after the end of each quarter, the State must submit the Form CMS-64 quarterly Medicaid expenditure report, showing Medicaid expenditures made in the quarter just ended. CMS shall reconcile expenditures reported on the Form CMS-64 with Federal funding previously made available to the State, and include the reconciling adjustment in the finalization of the grant award to the State.

42. **Extent of Federal Financial Participation for the Demonstration** Subject to CMS approval of the source(s) of the non-Federal share of funding, CMS shall provide FFP at the applicable Federal matching rates for the Demonstration as a whole as outlined below, subject to the budget neutrality

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limits described in section XIX:

a. Administrative costs, including those associated with the administration of the Demonstration;

b. Net expenditures and prior period adjustments, made under approved Expenditure Authorities granted through section 1115(a)(2) of the Act, with dates of service during the operation of the Demonstration.

43. **Sources of Non-Federal Share.** The State provides assurance that the matching non-Federal share of funds for the Demonstration is derived from State/local monies. The State further assures that non-federal funds used to pay for Medicaid expenditures shall not be used as the matching funding for any other Federal grant or contract, except as expressly permitted by law. All sources of non-Federal funding must be compliant with section 1903(w) of the Act and applicable regulations. In addition, all sources of the non-Federal share of funding are subject to CMS approval.

a. CMS may review at any time the sources of the non-Federal share of funding for the Demonstration. The State agrees that all funding sources deemed unacceptable by CMS shall be addressed within the time frames set by CMS.

b. Any amendments that impact the financial status of the program shall require the State to provide information to CMS regarding all sources of the non-Federal share of funding.

c. The State assures that all provider taxes comport with section 1903(w) of the Act and all other applicable Federal statutory and regulatory provisions as well as the approved Medicaid State plan.

44. **Monitoring the Demonstration.** The State must provide CMS with information to effectively monitor the Demonstration, upon request, in a reasonable timeframe.

45. **Provider Taxes.** All provider taxes must comport with section 1903(w) of the Act and all other applicable Federal statutory and regulatory requirements.

46. **Payment Rates for IowaCare Services.** The methods and standards for establishing payment rates for IowaCare services are described in Attachment A.

X. MONITORING BUDGET NEUTRALITY FOR THE DEMONSTRATION

47. **Limit on Title XIX Funding.** The State shall be subject to a limit on the amount of Federal title XIX funding that the State may receive on selected Medicaid expenditures during the period of approval of the Demonstration. The budget neutrality expenditure targets are set on a yearly basis with a cumulative budget neutrality expenditure limit for the length of the entire Demonstration. Actual expenditures subject to the budget neutrality expenditure limit shall be reported by the State using the procedures described in section IX, paragraph 2.

48. **Risk.** The State shall be at risk for the both the number of enrollees in the Demonstration as well as the per capita cost for Demonstration eligibles under this budget neutrality agreement.

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49. **Budget Neutrality Aggregate Cap.** Budget neutrality is determined on an aggregate cap basis as shown below in Table 11:

Table 11

DY/ SFY	Annual Budget Neutrality Cap (Total Computable)
DY 1/ SFY 2006	$102,200,000
DY 2/ SFY 2007	$109,354,000
DY 3/ SFY 2008	$117,008,780
DY 4/ SFY 2009	$125,199,395
DY 5/ SFY 2010	$133,963,352
Total DY 1 to DY 5	**$587,725,527**
DY 6/ SFY 2011	$143,340,787
DY 7/ SFY 2012	$153,374,642
DY 8/ SFY 2013	$164,110,867
DY 9/ 07/01/2013 – 12/31/2013	$87,799,314
Total for Extension Period	**$548,625,610**
Cumulative Total (Initial 5 Years Plus Extension Period)	**$1,136,351,137**

50. **Upper Payment Limit (UPL).** Payments under the Medicaid State plan (including any supplemental payments), when added to payments under the Demonstration, must not exceed the State's UPLs established at 42 CFR 447.272 and 42 CFR 447.321 for the following services and classes of providers:
    a. Inpatient hospital services – State government-owned or operated
    b. Outpatient hospital services – State government-owned or operated
    c. Nursing facility services – Non-State government-owned or operated
    d. Nursing facility services – Privately-owned and operated

    The State must continue to use a cost-based UPL methodology for State government-owned or operated outpatient hospital services. The State will annually review the outpatient UPL and, to the extent necessary, reduce claimed expenditures under the Demonstration to the extent the UPL is exceeded.

    The Demonstration expenditures should be accounted for in all State plan UPL demonstrations, based on provider class and service type as identified in Table 12 below, to ensure that the sum of State plan and Demonstration expenditures do not exceed the applicable UPLs.

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Table 12

Minimum Amounts by which State Plan Payments Must be Lower than UPL	DY 6	DY 7	DY 8	DY 9	3.5 Year Total
State Government Inpatient Hospital	$6,191,661	$8,234,499	$10,320,236	$6,224,887	$30,971,283
State Government Outpatient Hospital	$6,258,670	$6,671,086	$7,088,452	$3,755,413	$23,773,621
Non-State Government Nursing Facility	$6,328,779	$5,743,268	$6,404,191	$3,539,496	$22,015,734
Private Nursing Facility	$124,561,677	$132,725,789	$140,297,988	$74,279,518	$471,864,972
Total	$143,340,787	$153,374,642	$164,110,867	$87,799,314	$548,625,610

51. **Future Adjustments to the Budget Neutrality Expenditure Limit.** CMS reserves the right to adjust the budget neutrality expenditure limit to be consistent with enforcement of impermissible provider payments, health care related taxes, new Federal statutes, or policy interpretations implemented through letters, memoranda, or regulations with respect to the provision of services covered under IowaCare.

52. **Enforcement of Budget Neutrality.** CMS shall enforce budget neutrality over the life of the Demonstration rather than on an annual basis, by combining the annual limits calculated following section X, paragraph 49 into lifetime limits for the Demonstration. If at the end of this Demonstration period the budget neutrality limit has been exceeded, the State assures CMS that the excess Federal funds shall be returned to CMS. If the Demonstration is terminated prior to the end of the budget neutrality agreement, the budget neutrality test shall be based on the time elapsed through the termination date. The following describes how budget neutrality is enforced.

    a. If the Demonstration is terminated prior to the end of the budget neutrality agreement, an assessment of the State's compliance with these requirements shall be based on the time elapsed through the termination date.

    b. **Interim Checks/ Corrective Action Plan.** If the State exceeds the calculated cumulative target limit by the percentage identified below in table 13 for any of the DYs, the State shall submit a corrective action plan to CMS for approval.

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Table 13

DY	Cumulative Target (Total Computable Funds)	Cumulative Target Definition	Percentage
DY 6	$144,774,195	Year 6 budget neutrality cap plus:	1 percent
DY 7	$298,199,006	Years 6 and 7 combined budget neutrality caps plus:	0.5 percent
DY 8	$460,826,296	Years 6 through 8 combined budget neutrality caps plus:	0 percent
DY 9	$548,625,610	Years 6 through 9 combined budget neutrality caps plus:	0 percent

XI. BENCHMARKS

53. The State shall work to meet the following benchmarks during the extension period:

a. Increase local access to primary and preventative care for Demonstration Population 1 by expanding the provider network to include FQHCs. By October 1, 2010, add at least one FQHC in the most underserved region of the State. By December 1, 2010, submit a plan to CMS to phase-in additional FQHCs. – ACCOMPLISHED

b. Decrease hospital uncompensated care and medical debt burdens for Demonstration Population 1 by adding limited payment to non-network hospitals for emergency treatment when the member is not able to access a network provider. By October 1, 2010, establish the requirements and protocols for payment to non-network hospitals. – ACCOMPLISHED

c. By October 1, 2010, establish a medical home model within the primary provider network, including medical home certification requirements, payment methods, provider performance measurement, and evaluation within the Demonstration evaluation design. The specific goals of the medical home model are the following:
   i. Establish three medical home sites in DY 6 and by December 1, 2010, develop a plan for expanding the number of medical home sites through the Demonstration period.
   ii. By October 1, 2010, establish minimum requirements for a medical home.
   iii. Collaborate by participating in quarterly meetings with the Iowa Medical Home Advisory Committee in developing the medical home model.
   iv. Improve health care outcomes for members with chronic disease through medical home care coordination and use of disease registries.
   v. Decrease utilization of high cost and geographically difficult to access specialty and hospital care through medical home care management.
   vi. Add payment for peer consultation for medical home/ specialty consultation to reduce the need for travel to the UIHC for specialty care.
   vii. Increase beneficiary self-management skills and primary care engagement.
   viii. Implement at least one disease management program within each medical home.
   ix. By October 1, 2010, establish a payment methodology for a medical home.
   x. By October 1, 2010, establish performance measurements for medical homes.
   xi. By July 1, 2011, develop a plan for expanding the medical home model in the full-benefit Medicaid program.
   xii. Include information on the above elements in the required quarterly and annual reports to