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State/Territory Name: IA

State Plan Amendment (SPA) #: 14-0012

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 East 12th Street, Suite 355
Kansas City, Missouri 64106



Division of Medicaid and Children's Health Operations

June 25, 2015

Charles M. Palmer, Director
Department of Human Services
Hoover State Office Building
1305 East Walnut, 5th Floor
Des Moines, Iowa 50319-0119

Dear Mr. Palmer:

On September 30, 2014, the Centers for Medicare & Medicaid Services (CMS) received Iowa's state plan amendment (SPA), transmittal #14-012 through which the State is proposing to implement supplemental payments for physician or professional services in large teaching hospitals, with at least 500 beds and eight residency programs, effective July 1, 2014.

Based upon the information received, we are now ready to approve SPA #14-012 as of June 24, 2015, with an effective date of July 1, 2014, as requested by the State. This approval is applicable under Iowa's fee-for-service program and would not be applicable under a managed care delivery system unless specifically approved.

Enclosed is a copy of the CMS-179 form, as well as, the approved pages for incorporation into the Iowa Medicaid State Plan. If you have any questions regarding this amendment, please contact Narinder Singh at (816) 426-5925 or Narinder.Singh@cms.hhs.gov

Sincerely,

//s//

James G. Scott
Associate Regional Administrator
for Medicaid and Children's Health Operations

Enclosure

cc: Mikki Stier
Alisa Horn

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER <div style="text-align: center;">1 4 — 0 1 2</div>	2. STATE <div style="text-align: center;">IOWA</div>
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
5. TYPE OF PLAN MATERIAL (Check One) <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT		4. PROPOSED EFFECTIVE DATE <div style="text-align: center;">July 1, 2014</div>	
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION	7. FEDERAL BUDGET IMPACT a. FFY '14 \$ 10,380,767.22 b. FFY '15 \$ 39,809,964.53		
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, Page 16, Attachment 4.19-B, Page 16b, 16c	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19-B, Page 16, Attachment 4.19-B, Page 16b, 16c - New pages		
10. SUBJECT OF AMENDMENT Implements a physician UPL program for professional services rendered in an in/outpatient setting of a multispecialty practice with privileges at an IA state-owned hospital with more than 500 beds & 8 or more distinct residency programs.			
11. GOVERNOR'S REVIEW (Check One) <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL 13. TYPED NAME <div style="text-align: center;">CHARLES M. PALMER</div> 14. TITLE <div style="text-align: center;">DIRECTOR</div> 15. DATE SUBMITTED <div style="text-align: center;">9-30-14</div>	16. RETURN TO CHARLES M. PALMER DIRECTOR DEPARTMENT OF HUMAN SERVICES 1305 EAST WALNUT 5TH FLOOR DES MOINES IA 50319-0114		
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED <div style="text-align: center;">September 30, 2014</div>	18. DATE APPROVED <div style="text-align: center;">June 24, 2015</div>		
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL <div style="text-align: center;">July 1, 2014</div>	20. SIGNATURE OF REGIONAL OFFICIAL <div style="text-align: center;">//s//</div>		
21. TYPED NAME <div style="text-align: center;">James G. Scott</div>	22. TITLE Associate Regional Administrator for Medicaid and Children's Health Operations		
23. REMARKS			

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Methods and Standards for Establishing Payment Rates for Other Types of Care**Supplemental Payments for Physician and Professional Services at Qualifying Iowa State-Owned or Operated Professional Services Practices****1. Qualifying Criteria**

Physicians and other eligible professional service practitioners as specified in 2. below who are employed by, or under contract to, or who assigned Iowa Medicaid payments to an Iowa state-owned hospital with more than 500 beds and eight or more distinct residency programs recognized by the American College of Graduate Medical Education (ACGME) may qualify for supplemental payments for services rendered to Medicaid recipients. To qualify for the supplemental payment, the physician or professional service practitioner must be:

- a. licensed by the State of Iowa;
- b. enrolled as a Iowa Medicaid provider; and,
- c. identified by the Iowa state-owned hospital as a physician or professional service practitioner that is employed, under contract with, or provides services affiliated with the Iowa state-owned hospital.

Providers that qualify under this criterion are the following:

- The University of Iowa Hospitals and Clinics

2. Qualifying Providers Types

For purposes of qualifying for supplemental payments under this section, services provided by the following professional practitioners will be included:

- a. Physicians;
- b. Physician Assistants;
- c. Advanced Registered Nurse Practitioners (ARNPs);
- d. Certified Registered Nurse Anesthetists (CRNAs);
- e. Certified Nurse Midwives (CNMs);
- f. Clinical Social Workers (CSWs); and
- g. Clinical Psychologists

3. Payment Methodology

The supplemental payment will be determined in a manner to bring payments for these services up to the community rate level. The community rate level is defined as the rates paid by commercial payers for the same service. Under this methodology the terms “physician” and “physician services” includes services provided by all qualifying provider types as set forth in “2.”, above.

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Superseded TN #	IA-06-003	Approved	June 24, 2015

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The specific methodology to be used in establishing the supplemental payment for physician services is as follows:

- a. For services provided by physicians at a hospital meeting the criteria as set forth in "1." above, the state will collect from the hospital its current commercial physician fees by CPT code for the hospital's top five commercial payers by volume.
- b. The state will calculate the average commercial fee for each CPT code for each qualifying provider type, as defined under "2." above, that provides services at, under contract to, or in affiliation with the Iowa state-owned hospital.
- c. The state will extract from its paid claims history file for the preceding fiscal year all paid claims for those qualifying provider types, as defined under "2." above, who will qualify for a supplemental payment. The state will align the average commercial fee for each CPT code as determined in "b." above to each Medicaid claim for each qualifying provider type, as defined under "2." above and calculate the average commercial payments for the claims.
- d. The state will also align the same paid Medicaid claims with the Medicare fees for each CPT code for each qualifying provider type, as defined under "2." above and calculate the Medicare payment amounts for those claims. The Medicare fees will be the most currently available national non-facility fees.
- e. The state will then calculate an overall Medicare to commercial conversion factor by dividing the total amount of the average commercial payments for the claims by the total Medicare payments for the claims. The commercial to Medicare ratio will be re-determined every three years.
- f. For each quarter the state will extract paid Medicaid claims for each qualifying provider type, as defined under "2." above for that quarter.
- g. The state will then calculate the amount Medicare would have paid for those claims by aligning the claims with the Medicare fee schedule by CPT code. The Medicare fees will be the most currently available national non-facility fees.
- h. The total amount that Medicare would have paid for those claims is then multiplied by the Medicare to commercial conversion factor and the amount Medicaid actually paid for those claims is subtracted to establish the supplemental payment amount for the physician or physician practice plan for that quarter.

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4. Effective Date of Payment

The supplemental payment will be made effective for services provided on or after July 1, 2014. This payment is based on the Medicare equivalent of the average commercial rate and is set using the calendar year 2013, Medicare physician fee schedule for hospital-based services rendered by the qualifying providers defined under “2.” above. After the initial calculation for fiscal year 2014-2015, Iowa will rebase the Medicare equivalent of the average commercial rate using adjudicated claims data for dates of service from the most recently completed fiscal year. This calculation will be made every three years. A link to the Medicare fee schedule used to determine the payment factor will be posted on the Iowa Medicaid Enterprise (IME) website at www.ime.state.ia.us.

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Superseded TN #	<u>N/A – New Page</u>	Approved	<u>June 24, 2015</u>