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State/Territory Name: IA

State Plan Amendment (SPA) #: 15-0001

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 17, 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 March 24, 2015, the Centers for Medicare & Medicaid Services (CMS) received Iowa's state plan amendment (SPA), transmittal #15-0001 through which the State is proposing to implement outpatient hospital rebasing in a budget-neutral manner per Legislature effective January 1, 2015.

Based upon the information received, we are now ready to approve SPA #15-0001 as of June 16, 2015, with an effective date of January 1, 2015, as requested by the State.

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

1 5 — 0 0 1

2. STATE

IOWA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

January 1, 2015

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One)

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

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 '15 \$ 0

b. FFY '16 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Supplement 2 to Attachment 4.19-B, page
10, 12, 12b, 14, 19

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

Supplement 2 to Attachment 4.19-B, page
10, 12, 12b, 14, 19

10. SUBJECT OF AMENDMENT

HF 2463 authorized outpatient rebase effective January 1, 2015, which is budget-neutral,
therefore, no fiscal impact is anticipated.

11. GOVERNOR'S REVIEW (Check One)

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ OTHER, AS SPECIFIED

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME

CHARLES M. PALMER

14. TITLE

DIRECTOR

15. DATE SUBMITTED

3-24-15

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

March 24, 2015

18. DATE APPROVED

June 16, 2015

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2015

20. SIGNATURE OF REGIONAL OFFICIAL

/s/

21. TYPED NAME

James G. Scott

22. TITLE Associate Regional Administrator

for Medicaid and Children's Health Operations

23. REMARKS

State/Territory:

IOWA

Methods and Standards for Establishing Payment Rates for Other Types of Care**Outpatient Hospital Care (Cont.)**

Indicator	Item, Code, or Service	OPPS Payment Status
F	Certified registered nurse anesthetists services Corneal tissue acquisition Hepatitis B vaccines.	If covered by Iowa Medicaid, the item or service is not paid under OPPS APC, but is paid based on the Iowa Medicaid fee schedule for outpatient hospitals services. If not covered by Iowa Medicaid, the item or service is not paid under OPPS APC or any other Medicaid payment system.
G	Pass-through drugs and biologicals	If covered by Iowa Medicaid, the item is not paid under OPPS APC, but is paid based on the Iowa Medicaid fee schedule for outpatient hospitals services. If not covered by Iowa Medicaid, the item is not paid under OPPS APC or any other Medicaid payment system.
H	Pass-through device categories	If covered by Iowa Medicaid, the device is not paid under OPPS APC, but is paid based on the Iowa Medicaid fee schedule for outpatient hospitals services. If not covered by Iowa Medicaid, the device is not paid under OPPS APC or any other Medicaid payment system.
J1	Hospital Part B services paid through a comprehensive APC	If covered by Iowa Medicaid, the service is paid under OPPS APC. All covered Part B services on the claim, except services with OPPS SI=F, G, H, L and U; ambulance services; diagnostic and screening mammography; and all preventive services. If not covered by Iowa Medicaid, the device is not paid under OPPS APC or any other Medicaid payment system.

State Plan TN # IA-15-001

Effective January 1, 2015

Superseded TN # IA-08-024

Approved June 16, 2015

State/Territory:

IOWA

Methods and Standards for Establishing Payment Rates for Other Types of Care**Outpatient Hospital Care (Cont.)**

Indicator	Item, Code, or Service	OPPS Payment Status
P	Partial hospitalization	Not a covered service under Iowa Medicaid.
R	Blood and Blood Products	If covered by Iowa Medicaid, the procedure is paid under OPPS APC with separate APC payment. If not covered by Iowa Medicaid, the procedure is not paid under OPPS APC or any other Medicaid payment system.
Q1	STVX – packaged codes.	Paid under OPPS APC. Packaged APC payment if billed on the same date of service as HCPCS code assigned status indicator “S”, “T”, “V”, or “X”. In all other circumstances, payment is made through a separate APC payment.
Q2	T – packaged codes	Paid under OPPS APC. Packaged APC payment if billed on the same date of service as HCPCS code assigned status indicator “T”. In all other circumstances, payment is made through a separate APC payment.
Q3	Codes that may be paid through a composite APC	If covered by Iowa Medicaid, the procedure is paid under OPPS APC with separate APC payment. If not covered by Iowa Medicaid, the procedure is not paid under OPPS APC or any other Medicaid payment system.

State Plan TN # IA-15-001

Superseded TN # IA-12-006

Effective January 1, 2015

Approved June 16, 2015

State/Territory:

IOWA

Methods and Standards for Establishing Payment Rates for Other Types of Care**Outpatient Hospital Care (Cont.)**

Indicator	Item, Code, or Service	OPPS Payment Status
S	Significant procedure, not discounted when multiple	If covered by Iowa Medicaid, the procedure is paid under OPPS APC with separate APC payment. If not covered by Iowa Medicaid, the procedure is not paid under OPPS APC or any other Medicaid payment system.
T	Significant procedure, multiple reduction applies	If covered by Iowa Medicaid, the procedure is paid under OPPS APC with separate APC payment subject to multiple reduction. If not covered by Iowa Medicaid, the procedure is not paid under OPPS APC or any other Medicaid payment system.
U	Brachytherapy sources	If covered by Iowa Medicaid, the procedure is paid under OPPS APC with separate APC payment. If not covered by Iowa Medicaid, the procedure is not paid under OPPS APC or any other Medicaid payment system.
V	Clinic or emergency department visit	If covered by Iowa Medicaid, the service is paid under OPPS APC with separate APC payment. If not covered by Iowa Medicaid, the service is not paid under OPPS APC or any other Medicaid payment system.

State Plan TN # IA-15-001Superseded TN # IA-12-006Effective January 1, 2015Approved June 16, 2015

State/Territory:

IOWA

Methods and Standards for Establishing Payment Rates for Other Types of CareOutpatient Hospital Care (Cont.)5. Calculation of the hospital-specific base APC rates

- a. The final payment rate for the current rebasing uses the hospital's base-year cost report. The rates have been trended forward using inflation indices of 2.0% for SFY 2000, 3.0% for SFY 2001, (3.0%) for SFY 2002, 0.0% for SFY 2003, 0.0% for SFY 2004, 0.0% for SFY 2005, 3.0% for SFY 2006, 3.0% for SFY 2007, 0.0% for SFY 2008, and 1.0% for SFY 2009. For services beginning on December 1, 2009, rates shall be reduced by 5.0%. For services beginning on July 1, 2010, rates effective June 30, 2010, shall be increased by 13.74% except for the University of Iowa Hospital and clinics and out-of-state hospitals. For services beginning on August 1, 2011, rates effective July 31, 2011, shall be increased by 3.38% except for the University of Iowa Hospital and clinics and out-of-state hospitals. For services beginning on January 1, 2012, rates effective December 31, 2011, shall be increased by 11.14% except for the University of Iowa Hospital and clinics and out-of-state hospitals. This rate increase is effective for services rendered during January 1, 2012-June 30, 2012. For services beginning on July 1, 2012, rates effective June 30, 2012, shall be increased by 13.56% except for the University of Iowa Hospital and clinics and out-of-state hospitals. This rate increase is effective for services rendered during July 1, 2012-September 30, 2012.

For services beginning on July 1, 2013, rates effective June 30, 2013, shall be increased by 1.00%. For services beginning on January 1, 2015, rates have been trended forward using inflation indices of 0.0%.

Rates of hospitals receiving reimbursement as critical access hospitals are not trended forward using inflation indices.

- b. Using the hospital's base year cost report, hospital-specific outpatient cost-to-charge ratios are calculated for each ancillary and outpatient cost center of the Medicare cost report, Form CMS 2552.
- c. The cost to charge ratios are applied to each line item charge reported on claims in the Medicaid claim set, to calculate the Medicaid cost per service. The hospital's total outpatient Medicaid cost is the sum of the Medicaid cost per service for all line items.

State Plan TN #	<u>IA-15-001</u>	Effective	<u>January 1, 2015</u>
Superseded TN #	<u>IA-13-016</u>	Approved	<u>June 16, 2015</u>

State/Territory:

IOWA

Methods and Standards for Establishing Payment Rates for Other Types of Care**Outpatient Hospital Care (Cont.)**

- b. Effective January 1, 2015, and every three years thereafter, base APC rates shall be rebased. Cost reports used in rebasing shall be the hospital fiscal year-end Form CMS 2552, Hospital and Healthcare Complex Cost Report, as submitted to Medicare in accordance with Medicare cost report submission time lines for the hospital fiscal year ending during the preceding calendar year. If a hospital does not provide this cost report, including the Medicaid cost report and revenue code crosswalk, to the Iowa Medicaid enterprise provider cost audits and rate-setting unit by May 31 of a year in which rebasing occurs, the most recent submitted cost report will be used.
- c. Effective January 1, 2009, and every three years thereafter, case-mix indices shall be recalculated using claims most nearly matching each hospital's fiscal year end.
- d. Once a hospital begins receiving reimbursement as a critical access hospital, the prospective outpatient Medicaid cost-to-charge ratio is not subject to inflation factors or rebasing pursuant to this Section.

10. Payment to out-of-state hospitals

Out-of-state hospitals providing care to members of Iowa's Medicaid program shall be reimbursed in the same manner as Iowa hospitals, except that APC payment amounts for out-of-state hospitals may be based on either the Iowa statewide base APC rate or the Iowa blended base APC rate for the out-of-state-hospital.

- a. For out-of-state hospitals that submit a cost report no later than May 31 in the most recent rebasing year, APC payment amounts will be based on the blended base APC rate using hospital-specific, Iowa-only Medicaid data. For other out-of-state hospitals, APC payment amounts will be based on the Iowa statewide base APC rate.
- b. Out-of-state hospitals do not qualify for reimbursement for direct medical education payments from the Graduate Medical Education and Disproportionate Share Fund.

State Plan TN #	<u>IA-15-001</u>	Effective	<u>January 1, 2015</u>
Superseded TN #	<u>IA-11-020</u>	Approved	<u>June 16, 2015</u>